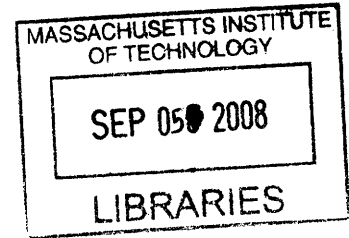


The Politics and Anti-Politics of Shelter Policy in Chennai, India

By

Nithya V. Raman

A.B. Social Studies
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The Politics and Anti-Politics of Shelter Policy in Chennai, India

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Submitted to the Department of Urban Studies and Planning
on August 18, 2008 In Partial Fulfillment of the
Requirements for the Degree of Master in City Planning

ABSTRACT

Many scholars argue that global forces, such as increased economic integration into the global economy or interventions from international aid agencies, are directly affecting the governance of municipalities. This paper explores the process by which international influences affect local governance by using the history of a single institution, the Tamil Nadu Slum Clearance Board in Chennai, India, and examining the evolution of the Board's policies towards slums and slum clearance from 1970 to the present. In its early years, state level political party incentives determined the shelter policies of the Board. The World Bank donated significant amounts of money to the Board for projects in low-income shelter provision between 1975 and 1996, and attempted to significantly change shelter sector policies in the city. However, the Bank faced a great deal of resistance in imposing reforms on the Board. It was not until they radically changed institutional structures within the Board to cut ties with local political parties that they were able to successfully implement policy reform. The history of the Tamil Nadu Slum Clearance Board suggests that institutional structures are of great importance when trying to understand the way in which international influences affect local governance.

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CHAPTER 1: Stating the Case

Introduction

When the British first arrived in the area now known as Chennai, the capital city of the southern Indian state of Tamil Nadu, the fishermen were already there. Their villages dotted the shoreline, and their boats helped to bring people and goods from British ships that laid anchor far from the rough surf of the harbor.¹ When the city grew, it grew around these villages.

The fishermen have remained a tight knit community till today. For many decades after India's independence, despite their evident poverty, these fishermen enjoyed some measure of access to political power. They received jobs in the government and access to money and resources through various social welfare schemes. In the early 1970s, the fishermen's villages were reclassified as slums, and the government replaced their clusters of thatched roof huts with concrete tenements. However, the population of fishermen has grown over the years, and their extended families – their children and grandchildren – have spilled out of the tenements and built more huts around them. Today, a line of huts and aging concrete tenements runs along the Chennai coast broken only by the port and Fort St. George in the North of the city, and the white sands of the Marina Beach. The fishermen of Chennai faced few serious threats of eviction even though most lack proper title to their land, partly because of their strength as a voting bloc that no political party could afford to alienate.²

¹ Joseph Franco, "Madras as a Naval Base," *The Madras Tercentenary Commemoration Volume* (Madras: Oxford University Press, 1939) 22.

² Rangasamy, Srinivasapuram, Personal interview, 20 Jul. 2007; The protection from eviction that the fishermen in Chennai enjoyed was common across India. In studies of slum dwellers across the world, those in India stood out because of their intention to stay in their squatter settlements, and to upgrade their self-provided, informal housing. From

The tsunami in December of 2004 destroyed property and homes in many of the fishing villages within the city, and in one village, it killed fifty people. After the devastation of the wave, the fishermen faced a new threat: the government. Declaring the coastal lands to be unsafe for human habitation, the government attempted to resettle the fishermen inland, in hastily built resettlement colonies on the outskirts of the city, far from the ocean, the fishermen's primary source of livelihood.³ The fishermen protested, but many of them were moved anyway. For those that remained, the struggle to hold onto their lands continues. Many of the residents of these coastal communities were puzzled. The same political parties were in power with the same political leaders. Why did the fishermen suddenly lose their long held right to land that had been in their control, in some cases, for centuries?

This was the same time that Chennai, along with India as a whole, became more integrated into the global economy. Its IT services sector became extremely successful, and numerous multi-national corporations chose to locate their back-end operations in the city.⁴ The city began to profit from international and domestic investment in upscale

Amanda Perry, "Law and Urban Change in an Indian City," *Illegal Cities: Law and Urban Change in Developing Countries* ed. Edesio Fernandes and Ann Varley (London: Zed Books, 1998) 94.

³ LA Samy, "Cynical Exploitation of Tsunami Victims," *In Motion Magazine*, 22 Mar. 2005, 12 May 2008 <http://www.inmotionmagazine.com/global/lasamy_cetv.html>

⁴ India, Chennai Metropolitan Development Authority, *Draft Master Plan for Chennai: A Short Version of the Main Report* (Chennai: Chennai Metropolitan Development Authority, 2007) 9.

hotels, retail, and manufacturing.⁵ Real estate prices skyrocketed,⁶ and there was an explosion of new construction.

To capitalize on this growth, the state began to invest in infrastructure. They built a highway that ran down the state's coastline beginning in southern Chennai called the East Coast Road.⁷ They built flyovers at key junctions in the city to accommodate burgeoning traffic, and planned other road projects, including a rumored elevated highway along the coastline in the city, connecting the port in northern Chennai to the coastal highway in the south.⁸ The city also invested in an extensive IT corridor in the southern part of the city. They built a wide, high-speed road and two large IT parks with over a million square feet of office space,⁹ and eased land use regulations along the corridor to facilitate the entry of other companies and residential complexes for IT professionals.¹⁰ The city released a *City Development Plan*, initially sponsored by a World Bank project and re-vamped for a central government initiative, in which it laid

⁵ Four five-star hotels have opened in the city, and the Leela Palace, a domestic luxury hotel, has begun construction in southern Chennai in MRC Nagar. A new mall called City Centre with international retail stores opened in the heart of the city, and other stores have opened in various locations. St. Gobain Glass and Hyundai are two multi-national corporations that have opened manufacturing units on the outskirts of Chennai in Sriperumbudur. For more information on Chennai's recent economic growth, see the *Draft Master Plan for Chennai II – 2007*.

⁶ "Colliers International Asia Pacific Research Report: India Property Market Overview: Market Conditions at May 2004," May 2004, 19 Apr. 2008 <www.colliers.com/Content/Repositories/Base/Markets/India/English/Market_Report/PDFs/IPMOH22004.pdf>

⁷ United Nations Development Program, "East Coast Road, Tamil Nadu, India Case Study (Transportation)," *Public Private Partnerships: Case Studies For Sustainable Development*, Special Union for South South Cooperation, 13 Mar. 2008 <<http://ncppp.org/undp/eastcoastroad.html>>

⁸ "Silence over project irks Information Commission," *The Hindu*, 26 Dec. 2006, 12 Dec. 2007 <<http://www.hindu.com/2006/12/29/stories/2006122905280400.htm>>

⁹ "Tidel Park," 13 Jul. 2008, 13 Jul. 2008 <www.tidelpark.com>

¹⁰ N. Ramakrishnan, "Partnership Pact Signed to Develop Chennai IT Corridor," *Hindu Businessline*, 24 Feb. 2005, 13 Apr. 2008 <<http://www.thehindubusinessline.com/2005/02/24/stories/2005022401901700.htm>>

out its vision for substantially enhancing its economic growth capacity. Like in Delhi, Mumbai and Bangalore, the city's leaders began to imagine Chennai as a "world-class-city."¹¹

The economic upturn and the related changes in municipal priorities towards external economic investment were certainly connected to the eviction threat in the fishermen's colonies. Shelter policy towards the urban poor in India had historically involved a tacit acceptance of squatter colonies, especially those on government lands. Now, plans for economic growth and real estate development frequently clashed with the fishermen's use of the coastline. The *City Development Plan*, the most explicit statement of the city's vision for its economic future, specifically stated that 75,000 informal settlements in key places in the city, such as on the coast and along the city's three main waterways and canals had to be removed to make way for road widening, the elevated highway, and other development programs.¹² Business leaders in Chennai actively campaigned against what they saw as the degradation of the beaches in the city. This included not only the litter that cluttered the coastline, but also the fishermen's use of the beach for storage of fishing gear and boats, and their practice of open defecation. A new civil society group formed by a local businessman began a campaign called "Marinavai Maathalam Vaa," (Come, We can change the Marina), exhorting the city and its residents to clean up the Marina Beach, the largest of Chennai's beaches. The group placed large advertisements in the newspapers with images of the Marina being used as a "public toilet."¹³ The local branch of the Confederation of Indian Industries also began a beach

¹¹ India, *City Development Plan for Chennai Metropolitan Area* (Chennai, Apr. 2006) 1.

¹² *City Development Plan for Chennai*, 66 – 67.

¹³ Pushpa Arabindoo, "A Class Act: Bourgeois Ordering of Public Spaces in Chennai," *British Association of South Asian Studies Annual Conference and AGM 2005*, Apr. 2005, 20 Jun. 2007, <http://www.basas.ac.uk/conference05/basasc05programme.htm>

cleanup project, as did the Chennai Metropolitan Development Authority.¹⁴ The Marina Beach had served as the city's "lung" and its main evening promenade since the time of the British.¹⁵ Commentary in English newspapers and websites reflected a new awareness that the Marina was now also the public face of the city to the rest of the world, and the hutments and trash did not fit in with the revamped image of Chennai.¹⁶

More tangibly, coastal lands rapidly increased in value as real estate. New residential, commercial, and hotel developments that were being built along the coast clashed with fishermen over their claims to land.¹⁷ Most tellingly, the Chief Minister of Tamil Nadu herself attempted to oust fishermen from their land in order to build her government a state-of-the-art administrative complex that she felt suited the increasing economic status of the city.¹⁸

The question I sought to answer in this thesis arose from the events above. Chennai's participation in a global economy had somehow resulted in a radical change in local governance, which reduced the ability of fishermen to hold onto their land. But how exactly had this change occurred? Fishermen had been able to secure political protection for their settlements for decades. What exactly was the process by which international

¹⁴ Arabindoo 10.

¹⁵ Arabindoo 7.

¹⁶ Prince Frederick, "Fresh Wave of Hope," *The Hindu*, 5 Aug. 2002, 13 Jul. 2008 <http://www.hinduonnet.com/thehindu/mp/2002/08/05/stories/2002080500170100.htm>

¹⁷ "Taj Fishermen's Cove: big business ousts local livelihoods," Action Aid India, 13 Mar. 2008, <http://www.actionaidindia.org/fishermen.html>; In Thiruvanmiyur, fishermen fought against residential properties encroaching on the beach. R. Srinivasan, Personal Interview, 12 Aug. 2008; Environmental groups and groups of fishermen protested against the construction of commercial and residential buildings and hotels in MRC Nagar, in central Chennai, which affected the ecologically sensitive Adyar Creek and the fishing community of Srinivasapuram. Bharat Jairaj, Citizens' Action Group, Personal interview, 25 Jun. 2008.

¹⁸ "MoU on Projects with Malaysia," *The Hindu*, 15 Jan. 2003, 12 Dec. 2007 <http://www.tn.gov.in/pressclippings/archives/pc2003/hindu15012003/hindu150103.htm>

influences affected the right to housing for this group of the urban poor?

Cities and Global Economic Forces

There are multiple strands to the argument that international forces without the intermediary of nation-states are directly influencing cities. The first strand of this argument comes from what is known as the global cities literature. The global cities literature's central insight is that even as networks of trade and telecommunications have expanded throughout the world, the importance of place, i.e., the importance of particular locations, has actually increased.

The global cities literature argues that recent changes in the practice of manufacturing goods have increased the importance of certain cities. Since 1980, there has been a sharp increase in the proportion of manufacturing exports that have come from the Global South, and in the number of short-term capital movements – i.e. hedging or speculation in foreign markets rather than investments in concrete plant and equipment.¹⁹ Companies in many industries have also saved money by outsourcing to developing nations at various stages of the production process, leading to a global fragmentation of the commodity chain. Sassen argues that this geographic dispersal of economically productive activities and the transnational flow of investment capital have created a need for what seems to be its opposite – a centralized site of control for this complex network of economic activities. The central control functions of transnational corporation headquarters are immensely complex, and their work is supported by specialized service firms that provide financial, telecommunications, programming and consulting skills.

¹⁹ Baker, D., G. Epstein, and E. Pollin (eds) *Globalization and Progressive Economic Policy* (Cambridge: Cambridge University Press, 1998) 15. Also see: Saskia Sassen, *The Global City: New York, London, Tokyo* (Princeton: Princeton University Press, 2001) 83-4.

Both the headquarters of firms and these affiliated service firms benefit from economies of agglomeration, creating privileged sites of economic growth.²⁰ Sassen calls New York, London and Tokyo “global cities,” places that serve as the command centers for the global economy, characterized by the concentration of transnational firm headquarters and clusters of service industries like finance and telecommunications.

Other theorists have built on this insight to argue that technological connectivity and a concentration of particular businesses have created numerous “sticky places of global capitalism” that are largely in the Global North, but increasingly also in the South.²¹ These concentrations of firms that produce high-value added goods and services include not only the global cities, but also second tier cities and even specific parts of cities, like the call center clusters in Bangalore or the Caribbean.²² These are “zones of intense international articulation,” which have much greater connections to one another through technological and economic links than to the states in which these cities are embedded.²³ In this vision of the world economy, these global cities are nodal points or “command points” that exercise power over a world economy that is made up of a system of cities.²⁴

The global city hypothesis is a comprehensive vision of the global economy. What are the implications of such a system? On the whole, theorists argue that the forces of global capital exert a homogenous and homogenizing influence on cities that take part

²⁰ Sassen xx – xxi.

²¹ Stephen Graham and Simon Marvin, *Splintering Urbanism: Networked infrastructures, technological mobilities and the urban condition* (New York: Routledge, 2001) 305 – 306.

²² Graham and Marvin 305.

²³ Graham and Marvin 306.

²⁴ Arthur S. Alderson and Jason Beckfeld, “Power and Position in the World City System,” *American Journal of Sociology* 109 Jan. 2004: 812.

in the global economy. Sassen has argued that these global businesses make certain architectural and technological demands; they demand a particular kind of built environment, what she calls an infrastructure of global business.²⁵ As a result, the economic development strategies that cities use to attract precisely the kinds of industries that mark global cities are very similar, and governments funnel money away from other municipal projects to fund large-scale, usually semi-private infrastructure projects to support such high value industries.²⁶ The IT corridor and the East Coast Road in Chennai, which were built using specialized agencies that had both public and private funding, are both examples of this kind of project.

Theorists also argue that the existence of these spaces of global connectivity within cities results in similar social effects, a phenomenon they call “splintered urbanism.” Gross spatial dis-junctures and high levels of socio-economic inequality develop between these privileged spaces within cities and the rest of the city. The characteristics of splintered urbanism are shared by a large number of locations across the world, in both the Global North and South.²⁷ Splintered urbanism is a dystopic vision, one in which identical global nodes communicate with one another, while the cities in which they are embedded face similar social problems. The implications of their work is that there is a

“convergence in land uses, built forms, and social problems in cities all over the world – ranging from upscale real estate developments and high-end global business clusters to social

²⁵ Saskia Sassen, “The Global City: When built environments become infrastructure,” Lecture, M.I.T. Department of Architecture, Cambridge MA. 23 Sep. 2007.

²⁶ Graham and Marvin 308 – 310.

²⁷ Peter Marcuse and Ronald van Kempen, “Conclusion: A Changed Spatial Order,” *Globalizing Cities: A New Spatial Order*, ed. Peter Marcuse and Ronald van Kempen (Malden: Blackwell Publishing, 2000) 249 – 275.

and economic polarization to culturally and globally hybrid work forces, all of which operate in the context of extreme urban concentration and sprawl.”²⁸

Cities and an Emerging Global Urban Governance

Even as cities become important economic actors in their own right, legal theorists are arguing that cities are also becoming important actors and subjects within a regime of international law. International law is here understood very broadly, to include not only international treaties and regulations, but also more inchoate forms like the discourse around good governance, international networks of NGOs and government actors and so on. Two parallel processes are enabling cities to become important actors and subjects within the international legal regime. Cities actively enforce international norms and create alliances between cities to create an international voice for cities, at the same time that international law is “increasingly penetrating the nation-state in order to regulate directly the actions of subnational governments.”²⁹

Cities are taking on more of a role in enforcing international norms locally, and in creating alliances between themselves that circumvent the traditional role of states as enforcers of international law and as monopoly creators of foreign policy in their jurisdiction. For example, San Francisco enacted a municipal ordinance against gender discrimination based on CEDAW, and other cities in America have been pondering similar measures, even though the US has not ratified CEDAW or a number of other significant human rights treaties.³⁰ Such local enforcement of international norms is

²⁸ Diane Davis, “Insecure and Secure Cities: Towards a Reclassification of World Cities in a Global Era,” *MIT International Review*, Spring 2008: 31.

²⁹ Gerald E. Frug and David J. Barron, “International Local Government Law,” *The Urban Lawyer* 38, 1, Winter 2006: 21.

³⁰ Stacey Lozner, “Diffusion of Local Regulatory Innovations: The San Francisco CEDAW Ordinance and the New York City Human Rights Initiative,” *Columbia Law Review*, 104, 768, 2004: 768.

sometimes against the rules of the state, like the Massachusetts ban against companies that traded with Burma, which was declared unconstitutional by the Supreme Court.³¹ However, local movements that take public stands against egregious state actors like Northern Ireland and Nigeria with or without the consent of the nation-state are increasingly common.³² Indeed, cities may be the ideal enforcers of such norms: unlike nation-states, they do not lay claim to sovereignty and, therefore, have fewer qualms about submitting themselves to international legal obligations.³³ Cities have also begun working together through alliances like the World Organization of United Cities and Local Governments and the Cities Alliance. They are uniting in their efforts to increase their power vis-à-vis domestic governments and in increasing their international role and responsibility.³⁴ Both these inter-city alliances and the internalization of international norms at the local level point to an increasing self-awareness among cities of their importance and power.

Secondly, and more importantly for my argument, cities have also become the de facto and de jure *objects* of international regulation, and are “increasingly used as a means for dissemination and implementing global political programs, financial schemes and governance strategies.”³⁵ Cities and other subnational entities technically have no standing in international law.³⁶ States have traditionally held the monopoly on

³¹ Peter J Spiro, “U.S. Supreme Court Knocks Down State Burma Law,” *Insights*, American Society of International Law, Jun. 2000, 22 Jun. 2008 <http://www.asil.org/insights/insigh46.htm>

³² Yishai Blank, “The City and the World,” *Columbia Journal of Transnational Law*, 44, 2006: 924.

³³ Blank, “The City and the World” 925.

³⁴ Frug and Barron 24.

³⁵ Yishai Blank, “Localism in the New Global Order,” *Harvard International Law Journal* 47 Winter 2006: 263.

³⁶ Blank, “The City and the World” 892.

determining the rights, duties and legal standing of a city or locality.³⁷ However, two changes have whittled away at this traditional monopoly of state power on city actions: the increase in the number and extent of international obligations that a state holds, many of which directly impact municipal action, and the push from international actors to actively intervene in localities.

Firstly, in recent years, there has been an increase in the number of international treaties signed by states, which, in turn, impact the rights and duties of localities within these states. These rights and duties may sometimes conflict with cities' standing in domestic law. The body of international law that affects states includes international conventions and treaties relating to human rights, the environment, and other issues, and also regional treaties relating primarily to trade and economic policies. Even though only states are party to international conventions and only states can be sued in international courts for violations of these conventions, local bodies are often responsible for carrying out the terms of these treaties. Within countries, cities can be held to the provisions of international treaties to which the country is party. For example, the city of Tel-Aviv was sued under the provisions of ICCPR for not having street signs in Arabic as well as in Hebrew and English. The international norms and obligations to which a city can be held can also be understood very broadly, as in a Canadian case where a locality was permitted by the Canadian Supreme Court to ban a pesticide because it was upholding the internationally accepted norm of environmental protection.³⁸ The extent to which localities are burdened with duties resulting from international law has been especially apparent in cases of trade treaties like NAFTA, where local governments have been sued

³⁷ Frug and Barron 12.

³⁸ Blank, "The City and the World" 903.

by private entities in other countries for acts that violate the provisions of NAFTA. In one case in Mexico, the local government was actually empowered by domestic law to prevent an American factory from building a hazardous waste disposal facility within its jurisdiction, but its actions were held to be illegal under the more restrictive guidelines of NAFTA.³⁹

Secondly, major international actors have been actively intervening in cities in ways that change cities' relationship to their nation-states, and not necessarily with the mediation or explicit approval of national governments. The World Bank has been giving loans to municipal governments and urban development projects in the developing world since the 1970s. UN Habitat, established in 1978, is the primary organization within the UN that deals with human settlements.⁴⁰ It "promote[s] socially and environmentally sustainable towns and cities with the goal of providing adequate shelter for all" by formulating policies, standards, and providing assistance to cities around the world to manage their problems.⁴¹

The UN and the Bank are two of the most important players in development, and both of them have an explicit focus on intervening in municipal governance. Both organizations explicitly try and impact the relationship between the city and the state. These organizations have tried to push a local agenda of "good governance." The UN Habitat's Global Campaign on Urban Governance attempts to promote decentralization

³⁹ Jaime Palafox, "Compensation for regulatory expropriation under NAFTA: Mexico and the Metalclad Case," *International Environmental Law Committee Newsletter Archive*, 2, 3, 2000, 12 May 2008

<http://www.abanet.org/environ/committees/intenviron/newsletter/april00/palafox.html>
⁴⁰ United Nations Human Settlements Program, "History," UN Habitat, 20 May 2008
<http://www.unhabitat.org/content.asp?typeid=19&catid=10&cid=927>

⁴¹ United Nations Human Settlements Program, "Our Mission," UN Habitat, 20 May 2008 <http://www.unhabitat.org/categories.asp?catid=10>

of power, efficiency, transparency, civic engagement, and security, including both welfare policies and policing.⁴²

The scope of the changes that the UN and the Bank envision for cities is expansive, radically altering the relationship between state and city.⁴³ Both explicitly push for decentralization. The UN in 1996 committed to the new “Habitat Agenda” based on the principles of local democracy, decentralization, and participatory decision-making processes.⁴⁴ The Habitat Agenda was a “clear position advocating decentralization and increased local autonomy and efficiency.”⁴⁵ UN Habitat and the World Association of Cities and Local Authorities Coordination proposed a World Charter on local self-government in 1998, which was to become a new UN convention.⁴⁶ The World Bank has also picked up the focus on decentralization. In a publication entitled “Cities in Transition,” published in 2000, the Bank advocates fiscal decentralization and empowerment of local governments to take on service provision.⁴⁷ Both the UN and the Bank explicitly link city empowerment with economic growth.

Cities: All Pushed in the Same Direction?

Both the global cities literature and the nascent study of “international local government law” argue that the effects of the internationalization of cities may not be all positive. Frug and Barron rightly draw our attention to the normative content of these changes. They argue that the vision of the city promoted by international actors is one that moves it towards a “private city,” in which the “goal of a city is to be a community

⁴² Frug and Barron 32.

⁴³ Frug and Barron 33.

⁴⁴ Blank, “The City and the World” 908.

⁴⁵ Blank, “The City and the World” 910.

⁴⁶ Blank, “The City and the World” 910.

⁴⁷ Blank, “The City and the World” 916.

of private money makers.”⁴⁸ The following sentence from the World Bank’s *Cities in Transition* makes their point very clearly: “Urbanization, when well managed, facilitates sustained economic growth and thereby promotes broad social welfare gains.” The “thereby” indicates the order of priorities for the Bank: the focus for city governments should be on economic growth, which will then promote social welfare gains. This idea of the role and goal of city governments seems to be shared by both the Bank and the UN.⁴⁹ The global cities literature would argue something similar, that the pressure to attract global capital forces cities to become attractive to businesses by creating a climate of investment and opportunity, presumably while subordinating the diverse needs of local residents.

Implications for my research question

Global cities seem, then to face a paradoxical situation: as cities become more integrated into the global economy and into the international legal regime, their importance as a location increases. Yet, their integration encourages them to change in ways that may not reflect their locally peculiar characteristics, or may not reflect the interests of local residents.⁵⁰ This is a radical implication, and one that is frightening for those of us worried about democracy and governance. Does increased globalization mean that local governments will be less able to act on the interests of local residents?

The literature on the interaction between global forces and local governance describes accurately many of the changes in Chennai over the last few years. What the nascent literature has not yet begun to address is *how* many of these changes occur. In India, there exists a system of local democracy designed to better reflect the will of local

⁴⁸ Frug and Barron 57.

⁴⁹ Frug and Barron 58.

⁵⁰ Philip Baker, New Delhi, Personal interview, 20 Dec. 2007.

residents. Especially in a case like shelter policy, it is very difficult to see why an elected government would choose to favor the interests of a narrow real estate lobby over the needs of 75,000 households that live on the banks of canals, riverways and the coasts in Chennai, most of whom vote in elections.

My thesis explores this question further by looking closely at shelter policies in the city of Chennai. I use the Tamil Nadu Slum Clearance Board (TNSCB) as a lens through which to view the interactions of actors at different levels in a historical context. I look at shelter policies not only because I am interested in the subject of slum evictions, but because the case helps to narrow the broad questions about international forces and local governance that are posed by the literature I addressed above. The case allows me to focus on one aspect of local governance, namely, shelter policy towards the urban poor. The TNSCB was the primary institution through which shelter policies for the urban poor were created for the last nearly 40 years in Chennai. While the Board ostensibly dealt with statewide problems, its primary area of influence was the city of Chennai.

The case is also useful because it narrows the scope of international forces. The World Bank gave money for shelter projects in the state of Tamil Nadu between the years of 1975 to 1996, and had a significant effect on the agency's policies. In this paper, I examine the evolution of the Board's policies towards slums and slum clearance in the city from 1970 to the present. I use the case to make concrete the abstractions above on the nature of international interventions in cities, and their interactions with and effect on local politics. When cities undergo the process of economic and legal internationalization described above, many changes occur at once, making it hard to disaggregate the changes, their causes, effects and their interactions. By narrowing the scope to one

agency, and the intervention of one international actor, this disaggregation becomes feasible and fruitful. The case is useful also because shelter lending was a significant World Bank initiative, one that spanned many years and locations. Since 1972, the Bank has supported 278 shelter projects, which provided \$16 billion worth of loans in 90 countries.⁵¹ In contrast to other infrastructure lending, lending to the shelter sector has in fact significantly expanded since the 1970s when lending began in Chennai.⁵² Understanding how the Bank's shelter sector reforms affected one local agency can potentially help to understand their influence in a number of different countries.

My experience and research suggest that the process of internationalization of cities is not as straightforward as the accounts of homogenization by the global cities and international local government law scholars may suggest. I argue in this thesis that the policies of the Slum Clearance Board were not merely unilaterally imposed upon them by the World Bank, but were the product of complex interactions between the demands of international donors, local politics, national politics, and individual bureaucrats. These interactions were mediated by institutional structures that determined the level of influence that international donors were able to have on local policies.

In Chapter 2, I describe the recent political history of Tamil Nadu, where caste-based parties broke the Congress Party's monopoly on political power in India, and came to power in 1967. These parties stayed in power by wooing voters with a mix of populist policies and strategic patronage. I argue that the political incentives of the party determined the policies of the Slum Clearance Board in its initial years, in which the Board funneled houses to the party's supporters and publicly affirmed their support for

⁵¹ Robert M. Buckley and Jerry Kalarickal, eds. *Thirty Years of World Bank Shelter Lending: What Have We Learned* (Washington D.C.: The World Bank, 2006) 10.

⁵² Buckley and Kalarickal 13.

the urban poor. In Chapter 3, I describe the entry of the World Bank into the city, and their shelter sector reforms. These reforms were met with resistance from the Slum Clearance Board, as it continued to practice old policies, even as it implemented World Bank directives. In response, the Bank imposed certain institutional changes on the Board to try and disconnect it from local political incentives. In Chapter 4, I describe the policies of the Board since the Bank stopped interfering in shelter. These policies have largely been imposed upon the Board from their donors, especially the Central government whose funds have determined Slum Clearance Board priorities and policies for the last few years. Such impositions were only possible because of the institutional changes made by the Bank, and a change in the source of TNSCB funding. In Chapter 5, I explore the implications of these findings, especially the importance of institutional structures as a key mediator in the interaction between the local and the global. I revisit the questions that motivated this research, and examine some of the potential implications of the internationalization of cities for democracy and accountability, and suggest new questions for researchers interested in the effects of global actors on local governance.

CHAPTER 2

Early Processes: Local Political Incentives and their Effect on Formal Shelter Policies in Chennai

Introduction

In this thesis, I explore the question of how international forces come to affect local governance by using the history of one particular institution, the Tamil Nadu Slum Clearance Board (TNSCB). This institution's history sheds light on how international intervention in the form of the World Bank affected shelter policy towards the urban poor in the city of Chennai.

In this chapter, I argue that the early years of the TNSCB were dominated by the priorities of the state government and the state level political parties. The lower caste parties in the state, the Dravida Munnetra Kazhagam (DMK) and the Anna Dravida Munnetra Kazhagam (ADMK) first came into power in 1967. Their rise to power and their subsequent hold on the state resulted from their populist policies, which were geared towards attracting the votes of the poor. They practiced an extensive politics of patronage, essentially pressing state service bureaucracies into service for their electoral gain.

This strategy reflected in their shelter policies, which were adopted to win over the support of slum dwellers. Central government housing policies evolved slowly in the years after Independence, and reflected both international trends in low-income housing and reflected what the government learned as it attempted to implement these policies. However, state level policies in Tamil Nadu were selectively modified from national government directives depending on their usefulness for political gain. Shelter policies had a formal orientation away from eviction and resettlement, and towards in-situ

tenement construction, and an informal tendency to protect and reward particularly those groups of the urban poor that parties were trying to court for votes, such as the fishermen that began my inquiry. Formal shelter policies that eschewed evictions also enabled savvy slum dwellers to protect themselves from bulldozers by using the rhetoric of the parties themselves in order to win their support.

A brief note on terminology

I use the terms “local politics” and “state level politics” interchangeably throughout my paper. Although my argument is about city level politics, municipal elections were only instated in India in 1994 after the adoption of the 73rd and 74th Amendments of the Constitution. In Tamil Nadu, state level parties dominate municipal politics. There is no separate party structure for state and city level political organizing, nor is there a clear division of responsibility between state and municipal governments for service provision.⁵³ For the purposes of this paper, the analytical difference between the municipal and state level governments is not important.

Local Politics in Tamil Nadu: A gradual shift from the politics of ethnicity to populism

Politics in Tamil Nadu were a harbinger of political developments in the rest of the country. From Independence till 1996, a single party held power at the center, the Congress, which was also in power in most of the states. The DMK, which came to power in Tamil Nadu in 1967, was the first of a number of regional caste-based or ethnic parties that have come to power in state level governments, especially in the last 15 years.

Both the DMK and the ADMK, which broke off from the DMK and took power in the state in 1977, are parties that appeal to the lower caste groups in Tamil Nadu. However, they consolidated their power not through ethnic appeals, but through strategic

⁵³ Rajendra Kumar, IAS, Lecture, MIT 11.953, Cambridge, MA. Feb. 2007

populist appeals and through extensive patronage – doling out government resources legally and informally to their current and potential supporters. Their pro-poor rhetoric shaped their politics and their policies. Their rhetoric drew in large part from the movie persona of M.G. Ramachandran, a movie star and a leader within the DMK.

Dravidian politics succeeded because of its ability to appease the needs of various groups of people within Tamil society that had been previously left out of power. Congress power all over India, including in Tamil Nadu, had been consolidated through existing elites, to whom patronage was distributed in return for votes. Dravidian politics created avenues to power and patronage for a much broader range of people within Tamil society. I argue in this section that Dravidian politics succeeded in Tamil Nadu by using political rhetoric that was geared towards the lower classes for the first time in local political history, and propagating this rhetoric through the innovative use of film.

Recent Tamil Political History: The Rise and Expansion of non-Brahmanism and Ethnic Populism

The early rise of caste-based political parties in Tamil Nadu can be attributed in part to the existence of a large segment of non-Brahmin elites who saw their power erode as a result of colonial rule and urbanization. These elites were open to political mobilization that promised to extend power to them. Unlike in the North, the percentage of Brahmins in the population was much less in Tamil Nadu; they only made up about 3% of the total population.⁵⁴ In practice, this meant that in villages, high status and power was often shared between local non-Brahmin elites and Brahmins. Brahmins were dependent on land-owning castes for patronage to maintain temples, and non-Brahmins and Brahmins frequently shared control over these temples.⁵⁵ Both colonialism and

⁵⁴ Narendra Subramanian, *Ethnicity and Populist Mobilization* (New Delhi: Oxford University Press, 1999) 85.

⁵⁵ Francine Frankel, "Middle Classes and Castes in India's Politics: Prospects for Political

urbanization reduced the power of these non-Brahmin elites. The British formally assigned control over temples to Brahmins, erasing the informal power-sharing structures that existed between local elites. Non-Brahmin power was often connected to local recognition, which disappeared when individuals migrated to urban areas.⁵⁶ The British also favored Brahmins in education and jobs in the cities, which placed non-Brahmin elites at a further disadvantage.⁵⁷

Not surprisingly, non-Brahmin elites looking to recapture their former power became the locus of support for caste-based mobilization that took place outside the nationalist platform of Congress Party politics. This mobilization began in 1916 with the creation of the Justice Party. With support primarily from elite non-Brahmin castes, who were shop owners, land-owners and petty tradesmen, this party gained power under the activist E. V. Ramasamy or 'Periyar' (Great One) as he was known. The party had a radical social ideology. Periyar advocated an end to religion, because he argued that the practice of the Hindu religion was basically Brahminical, and, therefore, oppressive.⁵⁸

Periyar attempted to broaden the party base, but he failed to expand support beyond the non-Brahmin elite. He reorganized the party into the Dravida Kazhagam (the Dravidian Federation, the DK) in 1944. The writings of party leaders like Annadurai explicitly criticized Brahmin dominance, and decried the role of the colonists in building Brahmin power.⁵⁹ He organized dramatic protests against Brahmins. Party leaders penned

Accommodation," *India's Democracy: An Analysis of Changing State-Society Relations* ed. Atul Kohli (Princeton: Princeton University Press, 1988) 229.

⁵⁶ Marguerite Ross Barnett, *The Politics of Cultural Nationalism in South India* (Princeton: Princeton University Press, 1976) 25.

⁵⁷ Frankel 231.

⁵⁸ John Harriss, "Whatever Happened to Cultural Nationalism in Tamil Nadu? A reading of current events and the recent literature on Tamil politics," *Decentering the Indian Nation*, eds. Andrew Wyatt and John Zavos, (London: Routledge, 2003) 102.

⁵⁹ Subramanian 92.

plays that showcased the ideology of the party, such as one play that showed an inverted *Ramayana*, a Hindu epic that Periyar argued supported Brahmin dominance. Ravana, the villain of the real *Ramayana*, was represented in this play as a Dravidian hero fighting against an evil Rama, an Aryan conqueror with whom Brahmins were identified.⁶⁰

Despite these efforts, the membership of the DK continued to be drawn largely from the non-Brahmin elite.⁶¹ This was likely because these ideological appeals failed to recognize the essentially religious character of most of Tamil society,⁶² and spoke to the concerns of elite non-Brahmins, and not the concerns of most of Tamil society.

In 1949, C. N. Annadurai and M. Karunanidhi, leaders within the DK broke from it to form yet another party they called the Dravida Munnetra Kazhagam (the Dravidian Progressive Federation, or the DMK). The party publicly called for a separate Tamil state and protested, sometimes violently, the imposition of Hindi as a national language in the state.⁶³

In 1957, the party began to contest elections in the state, and entered an important period of transformation, which is crucial for understanding the subsequent policy orientation of the party since then. They expanded the ethnic non-Brahmin discourse of the DK into a more populist discourse with a “plebian stamp, emphasizing the notion of the common (Tamil) man.”⁶⁴ In order to expand their mass support beyond these elites,

⁶⁰ Sara Dickey, “The Politics of Adulation: Cinema and the Production of Politicians in South India,” *The Journal of Asian Studies* 52, 2, May 1993: 343.

⁶¹ Dickey 343.

⁶² Harriss 102. Harriss points out that the DMK has been at pains in later elections to dissociate itself from its anti-God roots, culminating in the current leader of the DMK, M. Karunanidhi’s 2001 boast that temple dedications had increased under the DMK government, and the state support of Brahminical religion under Jayalalitha, the current leader of the ADMK, and herself a Brahmin.

⁶³ Dickey 343.

⁶⁴ Harriss 105.

Karunanidhi, Annadurai and the other leaders of the newly formed DMK used a new medium: film. The leaders of the DK had always been prolific writers: they edited journals, and wrote stories, plays for street theater, and novels through which they conveyed the ideology of the party to a literate audience. Now, the leaders of the newly formed DMK used their playwriting skills to pen film scripts that criticized social ills and promoted the party's ideology of atheism, Tamil nationalism, and anti-Brahminism.⁶⁵ They used the films to create a kind of pride in Tamil culture that not only included but also valorized the common man. Through movies and through their political rhetoric, the DMK was able to create exactly the kind of "common thinking we-ness" among the vernacular classes that the Congress had completely neglected.⁶⁶ These movies deliberately moved beyond the narrow ethnic rhetoric that had characterized the early Dravidian movement to a broader, class-based notion of the common man.

The scriptwriters and leaders of the DMK deliberately referenced the party in their highly successful movies. Cinema theaters spread through the Tamil countryside with the spread of rural electrification projects, and attending the cinema became an important pastime, especially for the lower classes.⁶⁷ Film dialogue, visuals and plots emphasized direct connections to the party. For example, characters would appear in black shirts, the uniform of DMK party workers. The party's symbol, a rising sun, would appear in scenes. The scripts explicitly and implicitly referenced party leaders and symbols, especially in the song lyrics. The party took pains to associate itself with these films as well. Successful films were celebrated with party rallies, addressed by both party

⁶⁵ M.S.S. Pandian, *The Image Trap* (New Delhi: Sage Publications, 1992) 34.

⁶⁶ Harriss 105.

⁶⁷ Pandian 33.

leaders and the movie's stars.⁶⁸

The films valorized the lives of common Tamil people, and took pains to address their problems, often with searing and hugely popular dialogue. A typical example of a DMK film was Annadurai's *Velaikkaari* (Servant Woman) made in 1948. This movie portrayed the life of a domestic servant, and used it to criticize religion and the power of landowners. Another hugely popular film, *Nadodi Mannan* described the ascent of a revolutionary activist into the throne of a kingdom and described his pro-poor reforms as ruler.

The primary means by which the films enabled the valorization of the common Tamil was by making the hero of the films a common man who takes control over his circumstances and overcomes his impoverished background. In many movies, this working-class hero was played by M. G. Ramachandran, one of Tamil Nadu's most popular actors, with whom the DMK party had a mutually supportive relationship. In his films, penned by DMK leaders, MGR's onscreen behavior glorified behavior traditionally associated with working class Tamilians, like preferences for certain foods, his choice of clothing, and speech patterns.⁶⁹ He was portrayed in his movies as a "subaltern protagonist" who was the consummate hero: invincible, morally upright, and generous.⁷⁰ MGR's portrayal was that of a lower-class or subaltern hero, but neither his films nor his public persona identified him with any particular caste, giving him a broad appeal to lower-class Tamilians.⁷¹

This valorization of the common Tamil succeeded as a commercial and a political

⁶⁸ Pandian 36-7.

⁶⁹ Pandian 42.

⁷⁰ Pandian 45.

⁷¹ Dickey 354.

strategy. MGR was an incredibly popular actor, who was effectively deified by his fans. His fans created fan clubs in cities and towns throughout the state. When I met ADMK party workers in Madurai in 2002, they had MGR's face tattooed on their arms even though he had died in 1987, and photographs of him hung next to religious images in many ADMK supporters' homes.

The DMK's popularity in the state was built on the back of support for MGR.

Forrester argues that

“always, either explicitly or just below the surface, there was a political message in his films: the DMK is the party that does in real life what MGR does in the film, the party that loves and serves the poor, that does battle with evil, that delivers the oppressed.”

Not only was there a deliberate association between MGR's movies and the DMK party, there was also a deliberate conflation between MGR the man and the characters that he played onscreen. This conflation was used to increase support for the party. Karunanidhi invited the rising star into the party in 1953 and gave him the title of “puratchi nadikar,” or revolutionary actor.⁷² Similar to his on-screen heroes, MGR himself was seen as a protector of the poor. He gave publicly and generously to the poor in times of need, such as during the frequent hut fires that took place in the city. He adopted poor children as his wards. Party leaders touted his personal generosity repeatedly in their speeches, calling him a “giver even among other givers,” and comparing him to the mythical Karna, cursed with generosity even to his own detriment.⁷³ MGR's own impoverished background was emphasized in party propaganda. Political posters showed him hugging an emaciated old woman, with the caption that MGR was “Born Poor – brought up by the poor – lives for

⁷² Subramanian 164.

⁷³ Pandian 102.

the poor – the child of our home.”⁷⁴

This conflation of MGR the hero and MGR the man enabled him to gain widespread popularity and use it for the support of the DMK party. He campaigned widely for the party. The party began contesting elections in 1957, and in 1967, the DMK came to power in Tamil Nadu, the first ethnic party to come into power in the country. MGR’s support was indispensable for winning the election. His numerous fan clubs proved to be crucial for mobilizing the electorate. Turnout rates in elections after the appearance of the Dravidian parties increased from about 55% in 1952 to an astounding 77% in 1967, the year that they finally took power in the state,⁷⁵ indicative of the extent to which the Dravidian parties were able to engage voters. It is important to reiterate that the DMK’s success was only possible because they were able to broaden the message of the party from an ethnic message that appealed only to elite non-Brahmins to an appeal to the common Tamil man that appealed to a broad section of the lower class.

Dravidian Politics and Populist Redistributive Policies

The DMK’s brand of ethnic populist rhetoric shaped its policies. The party’s formal and informal policies were focused on redistributing the resources of the state strategically to its supporters to gain and consolidate power, including the poorest supporters to whom MGR’s appeals were directed.

Patronage politics and the Formal and Informal Distribution of State Goodies

When the DMK took power, its policies sharply differentiated it from the Congress government in place before it. Congress in Tamil Nadu, in keeping with this strategy all over India, had focused on long-term industrialization and economic

⁷⁴ Pandian 100.

⁷⁵ Subramanian 19.

development projects. In contrast, the DMK focused on short-term projects, because it was from these that benefits like jobs and investment “would flow quickly” to their supporters.⁷⁶ For example, their winning campaign in 1967 promised to give Tamilians rice at a rupee for three measures through the public distribution system. Eventually, the cheap rice scheme was only implemented in two cities, Chennai and Coimbatore, but it was an important signal of their commitment to serve the poor.⁷⁷

Broadly speaking, the DMK’s policies were geared towards creating state “goodies” – jobs, meals, social schemes, land redistribution, farmer subsidies, etc. – that were then distributed to supporters as a reward or strategically used to woo more voters to the party. Both state policies and state bureaucracies were made subservient to the party’s needs. The Dravidian governments have been frequently criticized for their extensive corruption. However, for many low-income Tamilians, “corruption and democratic legitimacy coexisted comfortably” because many groups of citizens were able to access resources through these methods that were not able to before.⁷⁸

The DMK specifically wooed particular groups of voters with their policies, by directing state benefits to particular castes or geographic areas. The DMK established a Backward Classes Ministry and increased quotas for backward castes in government jobs and schools from 25 to 31%, and added specific castes to the lists of beneficiary castes.⁷⁹ They increased the total number of government jobs available and again hired people from particular castes like the fishermen in order to consolidate their loyalty to the party. The ADMK, which came into power after them, spread their government resources more

⁷⁶ Subramanian 204-8.

⁷⁷ Subramanian 205.

⁷⁸ Subramanian 289.

⁷⁹ Frankel 233.

widely through programs like the Noon-Meal Scheme, which gave free lunches to all students in public schools in the state, thereby reaching all lower class families with children.

Such policies are important when looking at the Indian state, because access to the Indian state was, and continues to be, hugely important for the poor. The state is the largest formal employer, and citizens depend on the state for a number of social and economic development functions and a vast array of regulatory functions. State resources are limited, and citizens usually must go through informal means such as personal connections or bribes to access them. The DMK government was able to widen both informal and formal avenues of access to state resources through its policies.

Through extensive changes in government policies and by increasing backdoor access, the Dravidian parties managed to spread government resources through a much wider network of citizens than the Congress government before it had managed to do.

Populist Policy Making and its Effect on Shelter Policies

In considering both the populist redistributive policies of the Dravidian parties in Tamil Nadu, and the extensive networks of corruption and patronage that have marked their time in power, the important thing to remember is how different this looked from the Congress government that had been in power before it. Here, a much wider range of groups across the socioeconomic spectrum were able to access party benefits through directed policies and patronage networks. Despite its divergence from traditional models of “good governance,” the use of populist redistributive policies and pro-poor rhetoric shaped and limited the actions of the state in ways that were sometimes beneficial to the poorest voters, particularly in the short run. As I detail in the following section, the political system also determined land policies towards the urban poor. The policies of the

DMK sharply diverged from national housing policy. DMK housing policies explicitly limited evictions, built concrete tenements in place of hutments in the same place that hutments were located, and allowed for groups of socially capable squatters to consolidate their hold on public land.

Shelter Policies of the Central Government: An evolution in ideas

Shelter policies in India were led by central government initiative in the early years. Nearly all funding for housing and urban development came directly from the central government. Policy direction was set by the Planning Commission's Five Year Plans, which laid the groundwork for national budget allocations and policy priorities.⁸⁰ While there was no single policy or policies that defined the government's attitude towards shelter, there was an evolution in the ideas of the Indian government on the proper role of the state in intervening in urban land and housing problems.⁸¹

Understanding this evolution reveals that housing policies in Tamil Nadu beginning in the 1970s sharply diverged from central government guidelines, and were crafted instead to boost the DMK's electoral strength in urban areas.

Before Independence, the government had hardly involved itself in housing, building only small amounts of worker housing. However, in the first few years after independence, the state built a great deal of housing to cope with the enormous influx of refugees into North Indian cities, rehabilitating 7.5 million refugees and building more than half a million houses.⁸²

In 1956, the national Slum Clearance and Improvement Scheme was passed, and

⁸⁰ Robert Jan Baken, *Plotting, Squatting, Public Purpose and Politics* (Aldershot: Ashgate Publishing, 2003) 55.

⁸¹ Aromar Revi, *Shelter in India* (New Delhi: Development Alternatives, 1990) 87.

⁸² Revi 89.

many local Slum Clearance Acts, including in Tamil Nadu, were modeled after this Act.⁸³

The Act enjoined the leaders of major cities to acquire slum areas for demolition and clearance.⁸⁴ By the 1960s, policy makers believed that strong local institutions like planning bodies that created city level master plans would be able to plan for and accommodate housing demands.⁸⁵ They began to shift the responsibility for housing from the center to the state.⁸⁶

Initially, standards for housing and infrastructure were set very high, reflecting the aspirations of the Indian government towards Western style modernity.⁸⁷ However, by the 1970s, the central government had already come to the realization that the policy of building high quality, modern homes for the poor in place of slums simply would not work to solve the problem of poor housing quality in urban areas. Official slum policy now reflected the new understanding that the government would need to “ameliorate the living conditions of slum dwellers as an immediate measure,”⁸⁸ and there was now a greater emphasis on self-help housing and on in situ slum upgrading rather than house construction. The major policy initiative in this regard was the Environmental Improvement Scheme, passed in 1972, which implemented the Bustee Improvement Scheme in Calcutta and aimed to provide basic amenities in all slums in major cities in the country.⁸⁹ By the end of the 1970s, HUDCO, a housing finance agency, had been created, reflecting the belief that housing finance and other enabling mechanisms needed

⁸³ Jan Baken 59.

⁸⁴ N Sridharan, “Indian Slums: Problem, Policies and Issues,” *Housing the Urban Poor: Policy and Practice in Developing Countries*, eds. Brian C. Aldrich and Ranvinder S. Sandhu (New Delhi: Vistaar Publications, 1995) 391.

⁸⁵ Jan Baken 56.

⁸⁶ Jan Baken 58.

⁸⁷ Jan Baken 58.

⁸⁸ Sridharan 292.

⁸⁹ Jan Baken 59.

to be present in order for housing production to take place.⁹⁰

By 1988, the shift away from thinking that the government should provide housing was complete. The National Commission on Urbanization wrote that the state should facilitate access to housing, but should not become a real estate developer on its own. It suggested an extension of programs like sites-and-services.⁹¹ Sites-and-services, promoted widely by the World Bank, involved the development of serviced plots on which low income urban residents could then build their own housing. The National Housing Policy, passed in 1992, reflects the final evolution of this thinking on the role of the state, and focuses on a market-oriented approach to providing housing in the country.⁹²

Early Shelter Policies in Tamil Nadu

By the time that shelter policies were being given over to the state governments in the 1960s, the DMK had already come to power in Tamil Nadu. However, the DMK government did not follow the guidelines for land policies set by the central government, as I describe them above. Rather, the DMK government chose policies designed to help them consolidate their power among the urban poor.

There were two impacts of the DMK government's electoral strategy on the access to shelter of the lowest classes. The policies of the government encouraged citizens to conflate the actions of state service agencies with that of the party, including the state shelter agencies. This conflation had an impact on the poor's access to land in two distinct but related ways. The first was through the government's explicit policy orientation towards slums. Because the state shelter agencies served basically as an arm

⁹⁰ Jan Baken 57.

⁹¹ Sridharan 395.

⁹² Jan Baken 57.

of the party, their policies were designed to aid the party's electoral strength. As a result, formal shelter policies deemphasized evictions and resettlement and instead emphasized the construction of tenement housing in the same place that hutments were located, a strategy unique to Tamil Nadu. The second was a backdoor method, in which the poor essentially were able to negotiate the exchange of their votes in return for protection against eviction from hutments built on government lands.

Shelter Policy: An Explicit Arm of Party Strategy to Win Votes

Initially, housing policy in Tamil Nadu under the Congress leadership was driven by national initiatives. The central government passed its first national slum policy in 1956. Other housing-related policies were also introduced at this time, like plantation worker and village housing. By 1961, the state established the Tamil Nadu Housing Board to coordinate all of its housing programs. The Board managed all housing projects in the state, ranging from high- and middle- income housing projects to slum housing.⁹³ Public outlays for housing in the state increased six-fold from Rs. 5.6 million in the First Plan period to Rs. 300 million in the Fourth Plan period, most of which was spent in Chennai.⁹⁴

The Tamil Nadu Housing Board announced that it would deal with slums in a two-pronged manner. In the congested central parts of the city, slums would be torn down and wherever possible, replaced with tenements. In the outlying areas, 25% of slum dwellers would be resettled in tenements and 75% in what were called "open developed plots." This meant that huts would be razed and residents would be given plots with basic services on which they could build homes,⁹⁵ similar to the sites and services

⁹³ Paul Wiebe, *Tenants and Trustees* (Calcutta: Macmillan India, 1981) 51.

⁹⁴ Wiebe 53.

⁹⁵ Wiebe 52.

model later proposed by the World Bank for the city. While this was their stated policy, in reality, very few tenements were actually constructed or plots developed.

The DMK came into power in the state in 1967, by promising to address the economic issues faced by voters during these years. The late 1960s were years of food shortages and rapidly rising prices in the state. The DMK's electoral victory was propelled by the popularity of MGR and the party's promise to address precisely these dire economic problems.

A large number of migrants entered Chennai during the 1960s, and housing for the poor became a pressing issue. A third of the population was estimated to be living in slums.⁹⁶ In 1971, Karunanidhi, who had become the Chief Minister, created the Tamil Nadu Slum Clearance Board, as a separate agency from the Tamil Nadu Housing Board, to deal specifically with the problem of slums. The rationale for the creation of the organization was stated in one of the early documents of the Board as follows:

“The Tamil Nadu Government realized that the feeble, halting, incomplete and disconcerted measures of the past have to give place to a comprehensive, integrated, and concerted policy to be put through on an emergency footing.”⁹⁷

The stated goals of the organization were to completely clear the city of slums within seven years, to keep new slums from appearing, and to provide basic amenities for slum dwellers until their huts could be cleared and replaced with tenements.⁹⁸

Yet, the policies of the Board after its creation were patently unrealistic to achieve the goal of complete slum clearance. Its only strategy in strategy was to clear hutments

⁹⁶ R. Rukmani, *Slums of Madras City* (Personal mimeographed copy, March 1985).

⁹⁷ Tamil Nadu Slum Clearance Board *Socio-Economic Survey of Madras Slums* (Madras: Government Publications, 1975) 5.

⁹⁸ Wiebe 56.

and build tenements in their place.⁹⁹ Government planners estimated that to meet the existing demand for low-income housing – to resettle all residents from huts to tenements and to meet new demand from poor migrants – some 10,000 new dwellings would have to be created every year. Yet, the Housing Board had never created more than 1,500 houses a year during the decade that it operated,¹⁰⁰ with an average annual rate of housing creation of 850 open developed plots and only 750 tenements.¹⁰¹ Additionally, the costs of meeting such a goal in terms of land and construction were prohibitively high. Clearance and tenement construction schemes cost at least ten times more than slum upgrading efforts.¹⁰² Meeting the goal of clearing all slums with an exclusive strategy of tenement construction would require the creation of 10,000 homes each year, an irrational and unaffordable goal, as housing policy scholars and the World Bank later pointed out.

The Slum Clearance Board's policies are a puzzle: why attempt to achieve a "slum free" Chennai with policies that were administratively impossible and prohibitively expensive? One answer is suggested by the materials published by the Slum Clearance Board during its early years. These documents, full of DMK party propaganda, suggest that the rationale for the creation of the Board was not "slum clearance," as its name suggests, but was part of the larger DMK strategy to gain votes by creating goods and assets that could be doled out to voters or potential supporters. In its institutional structure – its leadership, policy orientation, and funding sources – the Slum Clearance Board can be seen as an essential part of the election strategy of the DMK, and a

⁹⁹ Tamil Nadu Slum Clearance Board, *Report of the Seminar on Slums and Slum Clearance Programme* (Madras: June, 1975).

¹⁰⁰ Wiebe 53.

¹⁰¹ Cedric Pugh, "The World Bank and Housing Policy in Madras," *Journal of Urban Affairs* 12, 2, 1990: 179.

¹⁰² Pugh 182.

thoroughly rational response to political conditions.

In fact, the Board was only one part of a larger suite of policies that underscored the support of the party for the urban poor. After it came to power, the DMK kept their election promise to provide rice for a rupee only in the two largest cities of the state, Chennai and Coimbatore. They raised relief payments for victims of hut fires. After a large fire destroyed huts soon after their 1967 victory, the DMK built nearly 5,000 fire-proof sheds for affected residents. The political importance given to this project ensured that the sheds were built in record time.¹⁰³ Many of the first tenements of the Slum Clearance Board were built for the most politically mobilized groups among the urban poor. The fishermen within Chennai city were DMK loyalists, and many of their settlements were rewarded with tenements very early on: Kasimedu Kuppam, Dooming Kuppam, Nochikuppam, and Ayodhyakuppam were all among the first slums to be rebuilt.¹⁰⁴

The projects of the Slum Clearance Board were publicized widely as part of the DMK's pro-poor propaganda. The report released after the first year of the Board's existence shows a fisherman returning to his newly-built concrete tenement with the rising sun, the symbol of the DMK party, over the sea behind him.¹⁰⁵ A book released by the Board in 1975 had this caption below a photograph of the Chief Minister Karunanidhi and the Minister for Housing:

“It is but natural for those who have taken a vow to labour for the welfare of the down-trodden to get elated on seeing the schemes drawn up for rehousing the slum dwellers in permanent multi-storeyed [sic] tenements being crowned

¹⁰³ Wiebe 24.

¹⁰⁴ Tamil Nadu Slum Clearance Board, “Internal Assessment” (Prepared for the Managing Director, 2007).

¹⁰⁵ Tamil Nadu Slum Clearance Board, *Report after the first year* (Madras: 1972).

with glorious success. Here we see the Chief Minister of Tamil Nadu the pioneer leader who had conceived the slum clearance programme and had given shape to sharing his happiness with the dedicated Minister for Housing who had made it such an accomplishment.”¹⁰⁶

Photographs of the tenements constructed in the Board’s early years are peppered with captions that exaggerate the quality of the housing provided and the enormity of the change effected in slum dwellers’ lives through their new homes. One drawing of the tenements at Ayodhyakuppam states that “but for the Indians in the foreground of this block, it could be mistaken for an apartment in a foreign country.”¹⁰⁷ Another photo of the tenements at Mambalam Tank Bund claims that the tenements which were “projected against a panoramic skyline” were built in an “invaluable location.”¹⁰⁸

In keeping with the election rhetoric portraying MGR as a protector of the poor, much of the writing from the Slum Clearance Board is also highly paternalistic. The 1975 publication explains the purpose of the New Residents Welfare Trust, a social service organization that was created along with the Board. The Trust was supposed to educate slum dwellers “socially, physically, mentally, and economically.” The report continues to say that “with their help, the women folk (as a matter of fact every member of the family) are taught as to how to live in the new environments, how to keep them clean, how to move in society, how to adapt themselves to various changes in the social structure etc.” Most surprisingly, since most of the slum dwellers were fishermen or other manual laborers, the Trust also taught them “to keep themselves fit.”¹⁰⁹

The DMK also closely associated themselves with the Board by selecting its leadership. According to the rules of the Tamil Nadu Slum Areas Act of 1971 passed by

¹⁰⁶ Tamil Nadu Slum Clearance Board, *Report of Seminar*, 1975 7.

¹⁰⁷ Tamil Nadu Slum Clearance Board, *Report of Seminar*, 1975 37.

¹⁰⁸ Tamil Nadu Slum Clearance Board, *Report of Seminar*, 1975 15.

¹⁰⁹ Tamil Nadu Slum Clearance Board, *Report on Seminar*, 1975 21.

Karunanidhi's government, the Chairman of the Slum Clearance Board was to be appointed by the Chief Minister.¹¹⁰ A party loyalist, Rama Arangannal, a career DMK politician who was also a well-known movie producer, was the first head of the Slum Clearance Board. The 1975 book contains a photograph of him sitting beside the Chief Minister, showing how important the work of the Board was to the DMK leadership. Indeed, in all of the early publications of the Board that I saw in their meager library, photographs of particular political leaders from the DMK were printed, often with congratulatory quotes or letters from them.¹¹¹ This is in sharp contrast to more recent reports from the Board, which are free of all political images. According to the Tamil Nadu Slum Clearance Act, the Chairman was granted a great deal of discretionary power. He was permitted to allot plots and tenements owned by the Board to "such slum dwellers whom he considered eligible."¹¹² The Act does not set eligibility requirements for tenement residents, essentially giving the chairman the power to direct housing produced by the Board to worthy supporters of the DMK.

The state government tightly controlled the finances of the Slum Clearance Board in these early years. Most of the organization's funding came from state grants, along with some loans from national organizations like HUDCO.¹¹³ Government orders (G.O.'s) issued by the state government regarding the Slum Clearance Board reveal that the organization's actions were subject to rigid oversight, suggesting how important the actions of the Board were for the DMK. One terse order states only that the "Slum

¹¹⁰ Government of Tamil Nadu, "G.O.Ms.No.1137 (Housing)," 7 Sep. 1971.

¹¹¹ Tamil Nadu Slum Clearance Board, *Report after the First Year in Madras 1972; Report on Seminar 1975; In the Field of Housing, Tamil Nadu Marches On, 1974.*

¹¹² Government of Tamil Nadu, "G.O.Ms.No.1137 (Housing)," 7 Sep. 1971.

¹¹³ World Bank, "Tamil Nadu Urban Development Project: Project Implementation Report," (Mimeograph from Chennai Metropolitan Development Authority Library, undated) 64.

Clearance Board should obtain [the government's] prior approval whenever it proposes to lease out or otherwise dispose of any of the vacant land in its possession in the future."¹¹⁴

Specific orders were also given allotting plots and designating prices for Class IV employees, the lowest level and most numerous among government employees. For example, in response to complaints from government servants, one government order changes the rent for them from 10% of their monthly salary to Rs. 10 a month.¹¹⁵ Another order ends the Board's policy of asking for an initial deposit of Rs. 500 from government servants before allotting them homes.¹¹⁶ Other G.O.'s set rental and sale prices for plots and rental units.¹¹⁷

The early G.O.'s relating to the workings of the Slum Clearance Board reveal the extent to which the Board's minute functions were controlled by the government including allotment, pricing, and land sales. They also suggest the extent to which Board functions were pressed into the service of the party's needs. Many G.O.'s state that they are written in response to protests, suggesting how much shelter policy reflected on the party itself. A large number of the orders relate to Class IV employees alone. This is unsurprising, since one of the primary means in which the DMK rewarded its party workers and supporters was through government employment.^{118 119} Any protest by this

¹¹⁴ Government of Tamil Nadu, "G.O. Ms. No 184," 6 Apr. 1977.

¹¹⁵ Government of Tamil Nadu, "G.O. Ms. No 1236," 7 Nov. 1975.

¹¹⁶ Government of Tamil Nadu, "G.O. Ms. No. 1689," 29 Aug. 1979.

¹¹⁷ For example, Government of Tamil Nadu, "G.O. Ms. No. 299," 22 Mar. 1974. Or "G. O. Ms. No. 400," 10 Mar. 1976.

¹¹⁸ A promise of government employment was still considered to be a hugely important access to security even in 2006-7 when I was doing my research. I was sitting in the home of an elderly fisherman whose grandson had graduated from a local college and had been looking for work for months. His grandson came into the house that afternoon, and the grandfather immediately announced the news to him that the DMK government had stopped the hiring freeze in the government, and opened up 400 new Class IV posts.

¹¹⁹ Precisely because government employment has been used as a reward for political support all over India, India has one of the most bloated bureaucracies in the world, with

set of employees was taken seriously since they would have formed the core of DMK party support.

Explicit Shelter Policies

The deliberate intertwining of party policy and the workings of the board led to the explicit policy orientation of the Slum Clearance Board- away from slum evictions and resettlement and towards building tenements in situ. This happened because of two reasons. Firstly, the Slum Clearance Board provided another means for the government to provide goods and services for their citizens. Like jobs in the government, tenement building was a visible means of rewarding party supporters and signaling support for the urban poor. Secondly, resettlement usually poses a politically difficult situation—not everybody gets plots in alternate sites, alternate sites are usually very far away, and it is not always clear that resettlement is beneficial for individual slum residents, although it could arguably be better for the city as a whole. If the policies of the Board and the public face of the party were as intertwined as I have suggested above, then the Board would be reluctant to tarnish the image of the party with the political fallout of resettlement.

As a result, the Slum Clearance Board explicitly avowed to avoid evictions whenever possible, ensuring that “tenements are erected in the same place where [slum dwellers] had originally been living, only to fall in line with the principle of urban renewal not to segregate [sic] residential quarters from work centres.”¹²⁰ Such a policy makes sense, when considering that groups of politically capable poor residents were able to make their votes indispensable to party power within the cities. The pro-poor urban policies of the early DMK government seem to have been successful. Royapuram

10 million employees, and only 80,000 Class I employees. “Battling the Babu Raj,” *The Economist*, 6 Mar. 2008.

¹²⁰ Tamil Nadu Slum Clearance Board, *Report on Seminar*, 1975 15.

remained a bastion of DMK support for two decades because of their strategic “accommodation of many fishermen and SCs in public tenements,”¹²¹ and even today, the cities continue to be strongholds of DMK power in Tamil Nadu.

A pro-poor public transcript available for manipulation

The deliberate links created between the party and Slum Clearance Board policies also enabled politically savvy groups to take advantage of the public transcript of support for the urban poor. The actions of the Board reflected on the party. This meant that evictions, even if they were necessary, were also linked to the party in power. Examining my experience and evidence, I suspect that the benign public face of the Board was extremely useful for groups that were attempting to claim their rights to squat on public land. I do not have a lot of data from the beginning years of the Slum Clearance Board to support this assertion, but Subramanian states that squatter groups frequently used the name of the party in protests without authorization from party leaders in order to stop bulldozers.¹²² Since parties are so closely aligned to the actions of bureaucracies like the Slum Clearance Board, slum dwellers were able to use protest as a means of publicly shaming politicians to act to prevent the eviction. Despite the recent changes in the Slum Clearance Board, this method continues to work to some degree to guarantee the rights of residents to their land.

Conclusion

I argue in this section that housing policy in Tamil Nadu diverged from the central government’s policies. This is because of the particular political history of the state. The electoral strategy of the DMK, in which state bureaucracies and resources were used for

¹²¹ Subramanian 206.

¹²² Subramanian 46.

political gain, defined its policy towards slums. The leader of the DMK, M. Karunanidhi created the Tamil Nadu Slum Clearance Board, not as a means of clearing Chennai of slums, but as a means of visibly showing his support for the urban poor by building them tenements. The structure of the Board, in which its funding and leadership were decided upon by the DMK, enabled the party to keep strict control over its activities. The party's needs determined that shelter policy in the state would explicitly eschew evictions and entailed building a small number of concrete tenements in place of hutments, usually hutments belonging to groups among the urban poor that the DMK wanted to court.

CHAPTER 3

The World Bank and Shelter Policy in Chennai

Introduction

In this chapter, I examine the World Bank's attempts to change shelter policies at the Tamil Nadu Slum Clearance Board. The Bank's intervention allows us to understand the process by which international forces affect local governance by examining a single instance of international intervention in one aspect of local policymaking.

The World Bank began providing funding for projects in the urban sector in Tamil Nadu in 1975. Their intervention, which was primarily concentrated in the city of Chennai, attempted to change shelter policies from that of in-situ tenement construction to a sites-and-services model based on principles of cost recovery and giving tenure to slum-dwellers.

My reading of World Bank reports revealed that the Bank was not able to unilaterally impose reforms on the TNSCB. The Board continued to build tenements, despite the World Bank funding for sites-and-services and slum upgrading projects, and they dragged their heels in granting tenure certificates to slum-dwellers and collecting rent. The Bank diagnosed that "politics" had interfered too much with the implementation of their reforms. The Bank responded to the Board's resistance in subsequent project designs, by suggesting changes in the institutional structure of the Board that attempted to minimize the influence of politics on shelter policies.

The Bank's Shelter Ideology and Programs in Chennai

The Bank first became interested in funding projects in the urban and shelter sectors under the leadership of Robert McNamara.¹²³ He took a broader view of economic

¹²³ Robert M. Buckley and Jerry Kalarickal eds. *Thirty Years of World Bank Shelter Lending: What Have We Learned* (Washington D.C.: The World Bank, 2006) 7.

development that moved the Bank moved from its exclusive focus on economic growth to looking at human resource development and anti-poverty policies.¹²⁴ In 1972, they began giving aid specifically for urban projects.¹²⁵ The Bank's ideas about urban problems and their ideal solutions were articulated in a series of policy documents, *Urbanization* published in 1972, *Sites and Services Projects* published in 1974 and *Housing* published in 1975. These expressed a very coherent vision of what the Bank believed were the appropriate municipal policies to respond to the problems of urbanization faced by developing countries, especially shelter. They attempted to impose these policies and reforms in all their urban sector projects. Indeed, from 1972 to 1986, sites-and-services projects and slum upgrading projects made up more than 70% of total shelter lending.¹²⁶ The Bank's policy prescriptions were governed by what one employee dubs "technocratic neoliberalism": deregulation of markets, privatization of municipal services, affordability, cost recovery and replicability.¹²⁷ Chennai, or Madras as the city was still called at the time, was seen as both a testing ground for these new theories,¹²⁸ and as a "single-city demonstration project for new urban management initiatives."¹²⁹

Chennai was one the Bank's first urban sector projects. By 1973, they had sent a reconnaissance team to India to discuss urban assistance programs.¹³⁰ Based on their experiences in Calcutta and other cities in Asia, the Bank had determined that town

¹²⁴ Pugh 175.

¹²⁵ Pugh 173.

¹²⁶ Buckley and Kalarickal 16 – 17. From 1987 to 2005, only 15% of the total amount of money lent for shelter went to sites-and-services, although the figure is not strictly comparable because the total amount invested in shelter has also increased greatly in the last decade.

¹²⁷ Pugh 175- 6.

¹²⁸ Pugh 186.

¹²⁹ World Bank, "Draft Project Completion Report, Madras Urban Development Project I," (Mimeograph from Chennai Metropolitan Development Authority Library, 1984) v.

¹³⁰ Draft Project Completion Report MUDP I v.

planning practices in Chennai had to change from their orientation from land use planning and infrastructure provision by the government towards a more corporate management style which emphasized investment planning and efficient resource use.¹³¹

By March of 1977, a loan of \$24 million was approved to fund the first Madras Urban Development Project (MUDP), which had a total project cost of \$62 million. The second MUDP soon followed, which covered the period from 1980 to 1988, and loaned \$42 million to the state.¹³² Both MUDP I and II consisted of a collection of smaller projects – solid waste management, road and traffic improvements, technical assistance and training for a number of agencies, and a cottage industries development program. The two largest components were for transport and shelter, which made up 65% of the funding.¹³³ The third and last direct loan for shelter came in the Tamil Nadu Urban Development Project, a much larger project that ran between 1988 and 1997¹³⁴ and disbursed \$255 million to the state.¹³⁵

The urban projects in Tamil Nadu were considered to be relatively successful among Bank loans.¹³⁶ Quite a number of institutional changes were implemented between the MUDP and the beginning of the larger TNUDP. These changes reflected the Bank's

¹³¹ Pugh 178.

¹³² Draft Project Completion Report MUDP I v.

¹³³ Draft Project Completion Report MUDP I; World Bank, "Draft Project Completion Report, Madras Urban Development Project II," (Mimeograph from Chennai Metropolitan Development Authority Library, 1989).

¹³⁴ L. Krishnan, "Tamil Nadu Urban Development Fund: Public-Private Partnership in an Infrastructure Finance Intermediary," World Bank, Municipal Finance Database, 17 Apr. 2007 www.worldbank.org/urban/mun_fin/uifpapers/krishnan.pdf

¹³⁵ "Urban Development Project – Tamil Nadu, Projects Database, Projects and Operations," World Bank, 18 May 1988, 7 Apr. 2008 <http://web.worldbank.org/external/projects/main?pagePK=64283627&piPK=73230&theSitePK=40941&menuPK=228424&Projectid=P009872>

¹³⁶ Draft Project Completion Report MUDP I v.

learnings from their experiences in the MUDP I and II: that the imposition of neoliberal values of cost-recovery on government services in India required the de-linking of municipal service agencies from state level political control. According to the Bank's Project Completion Reports, bureaucratic functions had to be freed from the pervasive and detrimental influence of "politics," which increased costs and prevented cost recovery.

What changed with the entry of the Bank: Transport, a useful example

How exactly did Bank interventions affect local shelter institutions? Looking at the loans made to another sector, transport, is instructive. The Bank struggled to impose principles of cost-recovery on government transport agencies whose policies were guided by political expediency.

One of the early transport loans was given to the Pallavan Transport Corporation (PTC), the municipal bus company in Chennai. The Bank acknowledged that the bus company was already "well-managed." As with all components of the MUDP, the goal of the Bank's interaction with the bus company was to make it financially viable by recovering its costs through user fees.¹³⁷

However, bus fares proved to be difficult to change. After an "encouraging" bus fare increase of 22% in 1976, the bus company refused to raise fares for the next four years. This led to an annual loss of \$10 million, which had to be subsidized by the state of Tamil Nadu.¹³⁸ As a result of their experience in the first MUDP, the Bank made bus-fare increases a pre-requisite to negotiations with the government of Tamil Nadu for the second loan. The government complied by increasing the bus fares by 25%, but "during

¹³⁷ Draft Project Completion Report MUDP I 7.

¹³⁸ Draft Project Completion Report MUDP I 6-7.

negotiations, without informing [the Bank], the state government rescinded 50% of the increase.”¹³⁹ I take this to be an indicator of just how unpopular fare increases must have been with Madras residents and how much of a political backlash leaders must have faced after fare increases were instituted.

The Bank struggled with the level of political intervention in fares in the state. The Bank’s report after the second MUDP complains that the bus company’s fare problems remained “unresolved,” and that the “bus company’s financial and operating fortunes were once again unnecessarily held hostage to the political process.”¹⁴⁰ The report also states the lessons they learned from their interactions with the bus company. Firstly, the Bank suggests that bus fares in the state should be set by an “Expert Bus Fare Committee ... which could only be over-ridden by [the Government of Tamil Nadu] in extra-ordinary circumstances.”¹⁴¹ Secondly, in the MUDP, the Bank had disbursed the entire money for the bus company to buy new buses at one time. They state that it “would have been better to limit [bus] procurement to annual requirements...while keeping the operating performance and fare revision prospects under close observation.”¹⁴² In other words, the Bank realized that staggered payments would enable them to have more control over the policies of the municipal transport agencies and would provide a bulwark against the political pressures the organization faced.

The Bank’s experience with the Pallavan Transport Corporation illustrates the ways in which voter pressure on government service agencies prevented the implementation of the Bank’s cost-recovery principles. The lesson they took from this

¹³⁹ Draft Project Completion Report MUDP II 9.

¹⁴⁰ Draft Project Completion Report MUDP II 17.

¹⁴¹ Draft Project Completion Report MUDP II 17.

¹⁴² Draft Project Completion Report MUDP II 17.

was that there was a need for institutional changes that would insulate government agencies from political pressure to neglect the Bank's directives. The Bank's interactions with the bus company are more straightforward than their intervention in shelter, but this same pattern holds. They radically changed shelter policy to align with neoliberal ideology, and when faced with resistance in implementing these policies, they attempted to insulate the shelter bureaucracies in Chennai from interference by political authorities and political pressures.

The World Bank's Policy Changes for Shelter in Tamil Nadu

The Bank attempted to radically alter shelter policies in Tamil Nadu. I have argued above that the Slum Clearance Board's primary role in its early years was to serve as a highly visible symbol of the DMK's support for the urban poor, and as a vehicle of political patronage, to funnel goods from the state to worthy voters. As a result, the policies of the Board took on a particular cast: rather than focus on actually clearing slums from the city, the TNSCB constructed a small number of expensive tenements in-situ, largely for groups of politically valuable slum dwellers. The Board explicitly avowed to avoid evictions and resettlement of slum-dwellers whenever possible. To many outside observers, the city's response to its burgeoning slum problem seemed completely irrational.¹⁴³ The World Bank's intervention attempted to rationalize these policies so that the government could appropriately address the slum housing crisis.

The Bank saw its intervention in the housing construction policies of the Slum Clearance Board as the great success of the MUDP I and II. According to the Project Completion Report of the first Madras Urban Development Program, "the policy of the

¹⁴³ Comments about the strategy's irrationality can be found in Bank documents, in Paul Wiebe's account of Madras slums, and in Cedric Pugh's writings about the Bank's housing policy in Madras.

Tamil Nadu Slum Clearance Board to build high cost, subsidized slum clearance (providing an average of 3,000 new units in Madras per year) was almost entirely replaced with a cost effective and equitable slum improvement program which covers about 15,000 units annually.”¹⁴⁴ The way that they achieved this change was by altering the roles of the existing shelter providers, the Tamil Nadu Housing Board (TNHB) and the Tamil Nadu Slum Clearance Board (TNSCB). The TNHB, which had earlier provided a small number of high cost flats for middle to high income residents of Chennai, now began to create 6,000 serviced plots per year during the MUDP I¹⁴⁵ directly for low-income residents in large-scale sites-and-services projects located at three different locations in the city.¹⁴⁶ The MUDP limited the role of the Slum Clearance Board from tenement construction to slum upgrading efforts. The TNSCB received money from the Bank to “improve” slums, and developed the capacity to improve 15,000 slums per year.¹⁴⁷

The Bank’s “technocratic neoliberalism” valued three things: affordability, cost-recovery, and replicability,¹⁴⁸ all of which criteria were embodied in the Bank’s new housing strategies for Chennai. According to the Bank, the sites-and-services and slum improvement schemes had two chief advantages to recommend them over the earlier policy of in-situ tenement construction. Firstly, the existing housing agencies were able to reach a far greater number of people than before. MUDP I provided plots or improved slums for 26,000 households at a cost of Rs. 93.3 million and MUDP II followed in its

¹⁴⁴ Draft Project Completion Report MUDP I v.

¹⁴⁵ Draft Project Completion Report MUDP I 14.

¹⁴⁶ World Bank, “Short Note on the First Madras Urban Development Project” (Mimeograph from Chennai Metropolitan Development Authority Library, Date unavailable) 3.

¹⁴⁷ Draft Project Completion Report MUDP I 14.

¹⁴⁸ Pugh 175-6.

success, by creating 50,000 serviced plots and improved slums for Rs. 238 million.¹⁴⁹ Secondly, the sites-and-services model was much cheaper than tenement construction. The TNSCB had earlier been building around 3,000 units a year at a cost of Rs. 25,000 each. During the MUDP I, they were able to build or improve 10,000 units per year at a cost of Rs. 10,000 each.¹⁵⁰

The Bank attempted to undermine the existing emphasis on subsidies for public housing and emphasized cost recovery. According to the Bank's analysis, public housing for the poor had been provided to citizens at an 80% subsidy. The Bank's policy analysts concluded that households in Chennai could actually afford down payments of six months' income, and could pay for houses that cost double their annual income.¹⁵¹ The MUDP I also increased the interest rate that slum-dwellers paid for mortgages from 4 to 12%.¹⁵² Plots were sold to beneficiaries for a down-payment of 10% of the actual cost, with the balance payable over 5-20 years at a 12% interest rate.¹⁵³

Numerous other policy changes were implemented in the MUDP I and II. The Bank emphasized giving slum dwellers tenure, a practice that had not been followed in Chennai earlier. Design standards for services like sewerage were lowered to lower construction costs and maintain affordability of housing.¹⁵⁴ The Bank also attempted to improve the degree of coordination between agencies working in the area of shelter by increasing the coordination role for the Madras Metropolitan Development Authority.

Resistance to Changes from Bank

¹⁴⁹ Pugh 188-9.

¹⁵⁰ Draft Project Completion Report MUDP I v.

¹⁵¹ Pugh 185.

¹⁵² Draft Project Completion Report MUDP I 5.

¹⁵³ Pugh 188-9.

¹⁵⁴ Pugh 185.

The World Bank implemented slum upgrading and sites and services projects all over the world during the 1980s, and they met with numerous problems. Projects were implemented poorly and slowly, community participation was low, projects were too complex, and there were inappropriate standards which made projects difficult to manage and expensive to maintain. There was also no overarching institutional framework put into place to address urban problems. These critiques led to changes in the Bank's urban policy prescriptions in the 1980's.¹⁵⁵ Yet, evaluations of their urban efforts were relatively positive, and the shelter sector has been a strong performer, with one of the highest rates of satisfactory outcomes of any loans given at the Bank.¹⁵⁶

However, the Bank initially faced considerable institutional resistance in implementing policy changes in Chennai. According to the Project Completion Report for the MUDP II, some of the agencies used to implement the project "proved stubbornly resistant to improvement."¹⁵⁷ Sites and services projects were delayed because of land acquisition problems from private landowners, and the reluctance of the government to evict squatters for drainage projects.¹⁵⁸ Neither the Housing Board nor the Slum Clearance Board converted their entire shelter strategy to follow the model set by the Bank, only those portions that were actually funded by Bank money. Indeed, the Slum Clearance Board continued to build tenements after the MUDP I began, building an average of 2,500 tenements annually between 1977 and 1981.¹⁵⁹ As a result, the DPCR

¹⁵⁵ Genevieve Connors and Sumila Gulyani, "Urban Upgrading in Africa: A Summary of Rapid Assessments in Ten Countries," Africa Infrastructure Department, The World Bank, Jan. 2002, 28 May 2008

<http://web.mit.edu/urbanupgrading/upgrading/case-examples/overview-africa/country-assessments/reports/index.html>

¹⁵⁶ Buckley and Kalarickal xi.

¹⁵⁷ Draft Project Completion Report MUDP II iii.

¹⁵⁸ Draft Project Completion Report MUDP II ii.

¹⁵⁹ Tamil Nadu Slum Clearance Board, "Total No. Of Tenements Constructed with

complained that “future projects implemented by a public agency should not contain a Bank-funded component with acceptable objectives, while contrary objectives are being pursued by the agency with its own funds.”¹⁶⁰ The TNSCB was deemed to be a weak partner, because, despite reform efforts by the Bank, the Board’s “administrative culture” remained “construction, not service-oriented.”¹⁶¹ In other words, despite major efforts by the World Bank, the Slum Clearance Board continued to function according to the model under which it was created.

Tenure proved to be a particular sticking point. Implementation of the hire-purchase tenure agreements mandated by the MUDP I was limited. It was not till the Bank demanded that tenure agreements were completed prior to negotiations for the MUDP II began that several thousand of these agreements were signed with project beneficiaries.¹⁶² Yet, the granting of tenure certificates remained abysmally low. Out of a total 81,038 tenements that the Slum Clearance Board has constructed since its beginnings in 1970, only 10,310 sale deeds have been issued. The remaining 70,728 households live without tenure.¹⁶³

Furthermore, even in cases where lease agreements had been signed, collections for plot charges or slum improvement charges were extremely poor. Collections only increased when the Bank insisted that a 70% collection rate was a pre-condition to negotiating the next loan.¹⁶⁴ The Bank suggested that this was due to “lack of political

Yearwise Details,” Internal Document from the Managing Director.

¹⁶⁰ Draft Project Completion Report MUDP II iv.

¹⁶¹ Draft Project Completion Report MUDP II 15.

¹⁶² Draft Project Completion Report MUDP II 3.

¹⁶³ Tamil Nadu Slum Clearance Board, “Total No of Tenements Constructed with Yearwise Details,” (Internal Document from the Desk of the Managing Director, 2007).

¹⁶⁴ Draft Project Completion Report MUDP II 15.

and administrative support for an adequate collections effort.”¹⁶⁵

The Development Authority’s powers also remained limited, despite the Bank’s efforts to increase their supervisory and planning duties. While the agency developed a “capacity for dynamic physical and financial planning,” the Bank was doubtful whether it could retain its new coordination rule without the MUDP’s explicit support.¹⁶⁶ Agencies in Tamil Nadu also ignored the work of the MMDA. The TNSCB and the TNHB continued to “follow their own narrow functions, disregarding advisory bodies and the need for coordination.”¹⁶⁷

Broadly speaking, the Bank’s Project Completion Reports from the MUDP I and II voiced the suspicion that the Government of Tamil Nadu was not behind them. The state government remained visibly reluctant to push through programs involving the resettlement of squatters.¹⁶⁸ The DPCR states that there was a “not always consistent, level of support for project component objectives from the state.”¹⁶⁹ It seems from the Project Completion Reports of the Bank that most resistance to the policy changes came from the shelter agencies’ and the government’s reluctance to implement policies that had any visible negative consequences, and potential political implications. As Mr. Dattatri, the former Chief Planner at the MMDA, told me about the Bank’s shelter policy reforms, “The World Bank had a good idea, but we did not listen.”¹⁷⁰

The Bank’s Response: Delinking State Politics and Government Agencies

The Bank’s response to resistance to its policies was to attempt to create

¹⁶⁵ Draft Project Completion Report MUDP II 14.

¹⁶⁶ Draft Project Completion Report MUDP I 12.

¹⁶⁷ Pugh 184.

¹⁶⁸ Draft Project Completion Report MUDP II 10.

¹⁶⁹ Draft Project Completion Report MUDP II 12.

¹⁷⁰ G. Dattatri, SUSTAIN, Chennai, Personal interview, 28 Jul. 2008.

institutional structures to protect project priorities and project agencies like the Slum Clearance Board and the MMDA from political interference. The Bank had already been tightly monitoring the implementation of the project. During the MUDP I, the Bank sent three supervisory missions a year to Chennai, ensuring that the project enjoyed a great deal of monitoring, and continued to send regular missions to Tamil Nadu.¹⁷¹

The Bank suggested a number of changes within the institutional structure of the government agencies responsible for implementing the shelter reforms. For example, they created a Community Development Wing within the MMDA, which they later moved to the Slum Clearance Board. This Wing was intended to help create links directly with local communities and explain to them the benefits of tenure, and of moving to sites-and-services projects. The Wing's express purpose was to use this relationship to improve collection rates for plot charges and user fees, without having to rely on party machinery.

They also suggested changes in the leadership of the agencies and the project implementation groups. They recommended that a Managing Director be appointed for the Tamil Nadu Housing and Slum Clearance Boards,¹⁷² a post that continues to exist today. IAS officers –who are career bureaucrats and move frequently from position to position – filled these posts, a stark difference from the party leaders who filled the initial leadership posts of these organizations.

For the Tamil Nadu Urban Development Project, the Bank created an entirely new administrative machinery within the Tamil Nadu government devoted to project implementation. Because they lacked consistent government support for the larger shelter objectives of the MUDP, the Bank created a “high powered Empowered Committee” for

¹⁷¹ Pugh 186.

¹⁷² Tamil Nadu Urban Development Project, Project Implementation Report 33.

the TNUDP. The Committee was created to expedite land acquisition and procurement without resorting to government departments for procurement and without having to repeatedly get government approval for land acquisition, which can often be politically thorny.

The early project reports complain that frequent turnover in top management posts prevented adequate implementation of project components. The Bank stated that the continuity of the lower-level technical staffers at the agencies was able to counteract the effects of this turnover.¹⁷³ In the design of the TNUDP, the Bank expressed their preference for dealing with such technical employees by creating a Project Management Group staffed with senior technical officials from all the agencies involved in the project. This enabled the TNUDP to maintain project continuity even with frequent management turnover.¹⁷⁴

The Bank also demanded assurances from the Tamil Nadu government that individual agency policies not work at cross-purposes with the World Bank's goals. The Housing Board was specifically asked not to pursue contrary goals from Bank policy. They demanded that non-Bank funded Housing Board spending be modeled on the Bank-funded approach to shelter.¹⁷⁵ The TNSCB was asked to limit its tenement construction activities to Rs. 3.75 crores a year, and specifically requested not to expand their activities to the detriment of the Slum Improvement Program created in the TNUDP by the Bank.¹⁷⁶

Of course, the Bank was able to demand and implement all these changes because

¹⁷³ Draft Project Completion Report MUDP II 5.

¹⁷⁴ Tamil Nadu Urban Development Project, Project Implementation Report 34.

¹⁷⁵ Tamil Nadu Urban Development Project, Project Implementation Report 35.

¹⁷⁶ Tamil Nadu Urban Development Project, Project Implementation Report 36.

of the most important change that they made to the operation of government agencies: they continually increased the amount of funding they were providing for the Tamil Nadu government, and delinked the funding from party control. From the \$24 million they spent on the first MUDP, they increased it over ten times to \$300 million in the TNUDP, over 40% of which went towards specific shelter programs.¹⁷⁷ The size of these projects, which far overshadowed current agency budgets, ensured that World Bank requirements would be met by the cash-strapped Tamil Nadu government. While the Slum Clearance Board had initially been funded almost entirely by programmatic grants from the state government, the TNUDP's size overwhelmed the organization's budget and reduced its dependence on state government funds. The Bank also earmarked its funds for specific projects, rather than providing general institutional support, meaning that its grants fundamentally changed the functioning of the organization.

Conclusion

According to the Bank itself, these efforts at institutional change largely succeeded. "Despite a slow start," one project evaluation report notes that the TNSCB and other agencies "did well to complete this complex and demanding project."¹⁷⁸ The assurances given by Tamil Nadu that the Board's spending on tenement construction would not go over Rs. 3.75 crore also seem to have been effective. In the years that the TNUDP was in operation in the state (1989 – 1996), an average of 1,515 tenements were constructed per annum, and not all in Chennai alone, lower than the average of 2,150 tenements constructed in the 19 years that the Board had been in operation before the

¹⁷⁷ Tamil Nadu Urban Development Project, Project Implementation Report 20.

¹⁷⁸ Independent Evaluation Group, "Project Performance Assessment Report: India Tamil Nadu Urban Development Project (Credit 1923-IND) and Second Tamil Nadu Urban Development Project (LOAN 4478-IND)," Report No. 39929, (Washington D.C.: World Bank, Jun 2007) 12

TNUDP, and significantly lower than the 4,500 or so they constructed per year in the years just before World Bank intervention.¹⁷⁹ The numbers provide a more telling comparison of the real difference in scope of the Board's tenement construction and the Bank's projects: the Bank's project estimated that Rs. 151 crores would be spent on sites-and-services schemes and Rs. 28 crores on slum improvement, while the Slum Clearance Board was bound to spend a maximum of Rs. 3.75 crores on tenement construction.¹⁸⁰

¹⁷⁹ Tamil Nadu Slum Clearance Board, Internal Assessment Report prepared for the Managing Director

¹⁸⁰ Tamil Nadu Urban Development Project, Project Implementation Report 20.

CHAPTER 4

Institutional Change, Political Fragmentation, and the Right to Shelter

Introduction

I argued earlier that the Slum Clearance Board's policies towards low income housing in the city of Chennai were determined by its control by the DMK. Its policies were determined by the needs of the party, and resulted in a policy orientation that publicly eschewed evictions and focused on rebuilding tenements in-situ. The World Bank attempted to change this policy focus when it began lending to the state of Tamil Nadu, but met with significant resistance that they variously attributed to political influence and organizational resistance to change. They responded to this resistance with institutional changes and loan conditionalities that attempted to minimize the effects of politics on agency behavior.

The Board today is focused primarily on building large-scale tenement projects on the outskirts of the city for resettling squatters from objectionable areas in the center of the city. I argue in this chapter that the Slum Clearance Board's policies today result from a combination of recent changes in both local, national, and international politics and policies. The Bank's influence on the Board and its structure, followed by the Bank's loss of interest in funding shelter programs, the subsequent change in the source and size of Board funding, and the decreasing political incentives to interfere in slum evictions and tenement construction have combined to produce the policies currently being implemented at the Board.

Current Slum Clearance Board Policies

According to the Citizens' Charter of the Slum Clearance Board, they have three methods of dealing with slums. The first is to construct tenements in the same location as

the slums, their primary policy during the early years of the Board's operation. The second is slum upgrading, or the provision of basic infrastructure services and land tenure to slums. The third method is resettlement of families that have encroached on areas needed for further developments, like along the path of the new train line and along important roads. These families are resettled near the city limits in multi-level tenements.¹⁸¹

However, both interviews with officers at the Slum Clearance Board and an examination of records of their recent activities reveal that most Board projects follow only one of these three methods, the last. According to their Chief Engineer, while in-situ tenement construction and sites-and-services had been the earlier focus of Board work, the primary focus of current Board efforts was the resettlement of slum families in large scale settlements. Slum improvement is a holdover from the World Bank projects, but the third method is different from sites-and-services projects. Sites-and-services projects were designed to reduce costs while still addressing the lack of cheap and legal land for the poor, and the Bank attempted repeatedly to end the Slum Clearance Board's penchant for building tenements. The resettlement strategy currently being followed in Tamil Nadu is very expensive, involving major infrastructure provision, and large-scale, multi-story tenement construction, often involving complex engineering challenges.¹⁸² The scale of the current tenement construction plans is enormous. In its entire history, the Slum Clearance Board had created 81,038 tenements, more than 72,000 in Chennai alone through its in-situ tenement construction policies. It had also created 133,199 plots

¹⁸¹ Housing and Urban Development Department, "Citizens' Charter: Tamil Nadu Slum Clearance Board," Government of Tamil Nadu, 2002, 12 Jun. 2008 www.tn.gov.in/citizen/tncsb-e-2002.htm.

¹⁸² Shanmugam, Engineer, Tamil Nadu Slum Clearance Board, Personal interview, 8 Aug. 2007.

through the sites-and-services program of the World Bank. In contrast, its current goals seem far more ambitious: the Board plans to build 60,000 tenements over just three years in large-scale resettlement plots on the outskirts of Chennai and other cities in Tamil Nadu.¹⁸³ Indeed, 12,000 tenements have already been constructed in the last 7 years in Okkium Thoraipakkam and Chemmenchari, in the southern parts of Chennai.

While early Slum Clearance Board documents expressed an explicit policy orientation to avoid evictions whenever possible, current documents like the Citizens' Charter,¹⁸⁴ the policy notes on the Slum Clearance Board,¹⁸⁵ and publicity materials on the Board's activities¹⁸⁶ do not express any similar claims. Evictions were never under the explicit control of the Board anyway. Although there is no explicit policy that explains how colonies are selected for eviction, officers at the Slum Clearance Board told me that colonies were usually selected for eviction when there was political pressure to finish a project that required the land on which slum-dwellers were squatting.¹⁸⁷ Such projects varied, ranging anywhere from high priority river and floodplain maintenance projects funded by the central government, to new hotel and real estate developments, to train and road transportation construction. Regardless, the selection of slums for eviction rested largely in the hands of the Public Works Department. The Slum Clearance Board had the responsibility of dealing with resettlement and rehabilitation issues for evicted residents.¹⁸⁸

¹⁸³ Housing and Urban Development Department, "Policy Note 2008 – 2009," Government of Tamil Nadu, 13 Jul 2008, http://www.tn.gov.in/policynotes/housing_2.htm.

¹⁸⁴ Housing and Urban Development Department, "Citizens' Charter."

¹⁸⁵ Housing and Urban Development Department, "Policy Note 2008-2009."

¹⁸⁶ "Activities of the Tamil Nadu Slum Clearance Board," Powerpoint Presentation, (Printout from the offices of the Chief Planner, TNSCB, 2006).

¹⁸⁷ The majority of slum dwellers squat on public land owned by the Government.

¹⁸⁸ Manimekhala, Chief Planner, Tamil Nadu Slum Clearance Board, Personal interview,

However, it was evident during my research that the Slum Clearance Board had dispensed with its explicit and implicit reluctance to evict slum-dwellers. During the summer of 2007 when I was living in Chennai, groups of slum-dwellers were up in arms. The city had recently published a City Development Plan in accordance with the requirements of the Jawaharlal Nehru National Urban Renewal Mission (JNNURM), a central government initiative to jumpstart infrastructure projects and financial reform in cities throughout India. The development plan was written without public consultation, and stated that some 35,000 households squatting on “objectionable locations” on the banks of the city’s waterways – the Buckingham Canal and the Cooum and Adyar Rivers – would have to be summarily removed because they were polluting the water with raw sewage, a questionable claim considering the high volume of sewage and the relatively miniscule number of slum-dwellers on the canal banks.

I had access to a haphazard collection of internal Slum Board documents that belonged to one of the long time Board officers. One document I saw had been sent to the Slum Clearance Board from MetroWater, the city’s water supply and sewerage agency. The document was a consultant’s study on how the city could provide low-cost sanitation and solid waste management for the slums on the city’s waterways. The study proposed a comprehensive sewerage system using PVC pipes to lower the cost and to build a system that would be appropriate for the ecologically sensitive areas along the rivers.¹⁸⁹ Instead of exploring this possibility further, the Board had dismissed the report with a short note: “As it is proposed to rehabilitate all the waterways families, this study may not be

24 Jul. 2007.

¹⁸⁹ Chennai Metropolitan Water Supply and Sewerage Board, *Consultancy for a Comprehensive Sanitation and Solid Waste Management Plan including Low-Cost Sanitation for the Slums Located in the Banks of Chennai City Waterways*, (February 2004).

helpful.”¹⁹⁰ The Slum Clearance Board evidently chose *against* a feasible and low-cost method of improving living conditions in slums that avoided evictions in favor of a high-cost method involving the resettlement of 35,000 households. How did this shift in Slum Clearance Board policies come about?

Political and Institutional Changes that affected Board Policies

There were two kinds of changes that may have led to the shift in Board policy. Firstly, there was a change in the political situation in Tamil Nadu, which may have decreased the incentives for political parties to interfere in issues related to urban slums and decreased successful collective action among groups of the poor. Secondly, the changes in structure and funding of the Board that began with the Bank’s interventions affected the way that the Board formulated its policies, reducing the agency’s dependence on local political parties, and increasing its dependence on the whims of donors.

Political Fragmentation in Tamil Nadu

Recent years have seen the complete disintegration of the Dravidian party support base, with a large number of parties emerging to represent various interests of the poor. In 1977, after two decades of working with the DMK, MGR left the party to form his own party. He called his new party the Anna Dravida Munnetra Kazhagam to associate his party more closely with the original charismatic leader of the DMK, and to tout himself as Annadurai’s rightful political heir. The two Dravidian parties had virtually no differences in ideology.¹⁹¹ MGR became Chief Minister in 1977 till his death in 1987. After a brief battle between factions in the ADMK, his mistress and former co-star Jayalalithaa took control of the party.

¹⁹⁰ Note dated May 11, 2004, illegible signature.

¹⁹¹ R. Thirunavukkarasu, “Tamil Nadu: Civil Elections: Politics from Above,” *Economic and Political Weekly* 23 Feb. 2002: 698.

Since his death, power in the state has alternated between the two main parties. Analysts have generally argued that each new election has resulted in an anti-incumbency vote, which has dismissed the party in power for the other. However, the power of the two Dravidian parties has also decreased considerably in the last few years. Rather than anti-incumbency votes, a number of new parties have arisen in the last few years that have made considerable inroads into the Dravidian parties' traditional votebanks. Elections in the state are now being won by careful coalition building among these different parties. New parties include the Marumalarchi Dravida Munnetra Kazhagam, led by "Vaiko" V. Gopalasamy, which began in 1994, and polled around 2 million votes in the last election. The Dalit Panthers of India, led by Thol Thirumavalavan also has support in the state. The Pattali Makkal Katchi, led by Dr. S. Ramdoss, began contesting elections in 1999, and has support mainly from the Vanniyar caste many of whom live in Northern Tamil Nadu. The actor Vijaykanth started a new party called the Desiya Murpokku Dravida Kazhagam in 2005. He fielded candidates in every constituency, and surprisingly won nearly 10% of the vote share in the 2006 election – around 3 million votes. All of his candidates except for himself lost the elections, but his widespread support was seen as indicative of the statewide dissatisfaction with the ruling parties.¹⁹² National level parties also have a presence in the state, including the Congress, an increasing presence of the BJP and BSP, and the Communists. There is also a party called the Tamil Maanila Congress. It began in 1996, after breaking away from the regular Congress party because of the party's decision to ally itself with the flamboyantly corrupt

¹⁹² S. Gurumurthy, "As Vijayakant de-freezes anti-DMK votes in TN," *Indian Express*, 16 May 2006, 10 Jun. 2008 <http://www.newindpress.com/column/News.asp?Topic=-97&Title=S%2EGurumurthy&ID=IE620060515112959&nDate=5/16/2006&Sub=&Cat=&>

Jayalalitha and the ADMK. Harriss notes that Tamil Nadu was the only place in India to witness the formation of seven new caste-based parties before the assembly elections of 2001, and suggests that this is a sign of the failure of the Dravidian movement to adequately represent the interests within its coalition. Many of these new political formations represent the Dalits, the lowest castes in the traditional caste hierarchy, and other low caste groups.¹⁹³

However, it is as yet unclear how the fragmentation of political party support will affect policymaking in Tamil Nadu. Will this fragmentation make parties less interested in courting the votes of the poor? According to a study done in 1999, the amount of money going towards subsidies has substantially increased in the last 20 years, suggesting that the populist policies that I describe earlier in the paper simply became more competitive with the introduction of new parties.¹⁹⁴ More research needs to be done on the ways in which populist policymaking and new political formations in the state are related before this question can be answered.

What is clearer is that the new fragmentation of Dravidian politics has had deleterious effects on the ability of the poor to come together to press for their rights and needs from the government. For example, new parties have come forward to represent the interests of lower caste groups and Dalits. Animosity and distrust, sometimes leading to violence, between the Dalits and the lower castes like Vanniyars and Thevars has in recent years dominated politics in the state, aided and abetted by direct political party involvement.¹⁹⁵ This means that there are fewer opportunities to create coalitions between

¹⁹³ Harriss 98-99.

¹⁹⁴ S. Ambirajan, "State Government Subsidies: The Case of Tamil Nadu," *Economic and Political Weekly*, 3 Apr. 1999: 811.

¹⁹⁵ For example, in 1997, in Madurai district, a Dalit who was elected as the head of the Panchayat was beheaded, and five other Dalits were murdered. The killers, who were

different groups of the poor.

This was particularly true in the slums of Chennai. My evidence comes partly from my experience working with a trade union, the Unorganized Workers' Federation, that had strong membership in the slums of Chennai. One long-time union activist complained that the unity of slumdwellers and the working classes had been sharply eroded by political parties in the last 15 years. She complained to me that it was "all we can do to get them to work together even on urgent matters. These parties, this politics has driven us apart."¹⁹⁶ She was among a number of political organizers who spoke to me about a heyday of lower-class unity in Chennai, which had since disintegrated.¹⁹⁷

This was evident in Srinivasapuram, a fishermen's colony within the city of Chennai where I worked trying to gather information on the rumored impending eviction of residents after the tsunami. The tsunami, which had battered the colony, precipitated a massive influx of money and in-kind donations into the colony. Access to these donations was uneven, with those who had political party connections accessing much more than others. Multiple political parties found support within the colony, and sharp divisions existed even within the normally tight-knit fishermen's community. In the months after the tsunami, neighbors carefully watched each other for markers of new wealth or sudden spending sprees, indications that someone had accessed a secret post-tsunami windfall. Differential access to donations and a lack of transparency in the post-tsunami relief distribution greatly heightened the fissures that existed between DMK and ADMK supporters. As a result of these divisions, the colony faced a great deal of difficulty

suspected to be from the Thevar caste, have not been brought to justice. EPW Editorial, "Tamil Nadu: Caste Violence," *Economic and Political Weekly*, 29 May 1999: 1152-3.

¹⁹⁶ R. Geetha, Unorganized Workers' Federation, Personal interview, 21 Feb . 2006.

¹⁹⁷ Nityanand Jayaraman, R. Srinivasan, and Sujata Modi, Activists, Chennai, Personal interviews, June – August 2007.

organizing to protest the rumored evictions. Such difficulties were particularly surprising in a fishermen's colony, which are known for their group cohesiveness and organization, especially one in which residents and activists described a long history of successful collective action.

According to my informants, the problem of political disunity in the slums has actually increased since the institution of local level elections under the 74th Amendment to the Indian Constitution, which allowed for the decentralization of political power in municipalities to the ward levels.¹⁹⁸ I am not sure why this would be the case, but I suspect that the existence of ward councilors openly affiliated to particular political parties made it more clear how patronage was distributed through local party connections, and made those who were left out of patronage networks actively seek other avenues of access to power.

The increasingly common existence of political divisions between slum-dwellers within a single slum decreases the incentives for politicians to prevent evictions and formulate policies that allow the poor to continue to squat on public land, especially when they face strong competing pressures from real estate and business lobbies to do otherwise. These pressures have greatly increased in Chennai during the last ten years of rapid economic and property value growth.

Institutional Changes

Two key institutional changes at the Slum Clearance Board have also decreased the ability of state level political parties to influence policy making in the state. Firstly, as I described in the last chapter, the Bank instituted a number of changes specifically designed to reduce political party influence on the Board, many of which reshaped the

¹⁹⁸ Ibid.

Board and continue to be in place. Secondly, the Bank's intervention changed the original funding mechanisms of the Board, both in amount and source. The Bank's third shelter project radically increased the amounts of funding available to the Board and earmarked these funds for specific projects, reducing the Board's dependence on the state government for funds and policy guidance.

The Bank instituted a number of changes that attempted to break the control of state political parties over Slum Board policy. This included the change in the leadership from a state appointed party operative, to a Managing Director post filled by members of the Indian Administrative Services, who are career bureaucrats with short tenures in each post. The Bank also created a Community Development Wing within the Board to create direct connections between the Board and slum-dwellers, thereby circumventing the political party. Finally, the Bank's final project in Tamil Nadu with a major shelter component, the TNUDP, was implemented successfully with the help of an Empowered Committee made up of senior technical officers of the implementing agencies like the Slum Clearance Board.

To a large extent, these changes continue to shape the way that the organization currently operates. In my interview with the Managing Director, I learned that he had recently returned from a two-year Masters course at the Woodrow Wilson School at Princeton. When I asked him about politics, he bemoaned the negative influence of politicians on the Board's operations, and told me that his job was to balance the interests of politicians "who still have control" with what he believed was best for the city and its poorest residents. Ironically, his goal for the Board echoed Karunanidhi's promises in 1970: he yearned for a "slum-free" Chennai. Unlike Karunanidhi's promise, his was a

sincere hope, and the Board's current policy emphasis on large-scale resettlement was a step towards fulfilling his vision.

As an IAS officer, the Managing Director expected to be in his post for approximately two years. As a result, the technical officers of the Board – the Chief Planner, the Chief Engineer, the Community Liaison—had a great deal of power. They prepared projects to apply for grants, and they advised the MD on what worked and what did not. He told me that he relied on them to provide continuity and expertise. All of the officers currently at the Board had been at their posts for over a decade, while the Managing Director had been in his office for less than two months when I met him. The elevation of the technical officers to positions of power that began with the institution of the Empowered Committee continued to a large extent in a de facto manner within the Board because of the transience of the Managing Director.

However, the most important change that the Bank made in the Board had to do with funding. Formerly, the Board had received its funding through capital grants from the state government, and loans from both the state government and agencies like HUDCO.¹⁹⁹ The first two loans from the Bank were relatively small. MUDP I made Rs. 20 crores available for sites-and-services and slum improvement,²⁰⁰ and MUDP II provided Rs. 55 crores for slum projects.²⁰¹ The Bank loaned only a part of these amounts, and the rest came from Government of India funds. While I was not privy to early Slum Clearance Board budgets, the early loans of the Bank seem to have been commensurate with the budget and capacity of the Board at the time.²⁰² The TNUDP

¹⁹⁹ Tamil Nadu Urban Development Project, Project Implementation Report 64.

²⁰⁰ "A Short Note on the First Madras Urban Development Project" 5.

²⁰¹ "A Short Note on the Second Madras Urban Development Project" 1-2.

²⁰² Manimekhala, the Chief Planner at the Slum Clearance Board, clarified this point in my interview with her.

suddenly increased this amount to Rs. 300 crores, all of which was earmarked for specific projects (as opposed to capital grants), vastly changing the playing field for shelter projects in the state. The TNUDP's shelter component, entirely based on the sites-and-services model with some slum improvement schemes, was seen by the Bank as a successful project. The Board limited its investment in in-situ tenements, and built significant capacity in handling sites-and-services and slum improvement projects.

Follow the Money: Central Government Influence on Slum Clearance Board Policies

However, by the mid to late 1980s, the Bank had largely left behind the sites-and-services methodology of dealing with slums. The projects had failed to address slum problems in many countries. The Bank realized that most countries did not have a policy environment that dealt appropriately – or at all – with informal settlements and began to focus more on policy issues.²⁰³ As a result, the Second Tamil Nadu Urban Development Project (TNUDP II), which operated between 1999 and 2004, represented a significant break from the policies of the previous three Bank interventions in Tamil Nadu. It marked a shift from “government-led integrated urban development operations to market-oriented infrastructure financing operations.”²⁰⁴ TNUDP II and TNUDP III, which followed, and is still ongoing in the state today, did not deal with shelter issues directly. The Slum Clearance Board, after twenty years of Bank interference, was left to its own devices. Yet, it still retained the structure imposed upon it by the Bank.

Much had changed in both India as a whole and Tamil Nadu in particular, and the relationship between center and state had also changed. India had opened its markets and began a period of strong economic growth. Tamil Nadu was one of the fastest growing

²⁰³ Buckley 10.

²⁰⁴ Independent Evaluation Group, “Project Performance Assessment Report: Tamil Nadu,” (Washington D.C.: World Bank, June 2007) ix.

economies. From having had a per capita income below the national average in the 1980s, the state had the fourth highest per capita income in all of India by 2001, and ranked third in the human development index.²⁰⁵ Political power in India as a whole began tipping towards the regions, with numerous parties like the Bahujan Samaj Party, the Rashtriya Janata Dal and others coming to power in Uttar Pradesh and Bihar. The 73rd and 74th Amendments were adopted in 1993, and numerous states began implementing measures that decentralized power to the villages and urban local bodies. However, at the same time that political independence from the Central government was increasing, the fiscal dependence on the center by the states was increasing. From the 1950s to the 1990s, Bardhan states that the “the fraction of states’ current expenditures financed by their own revenue sources declined from around 70% to around 55%.” The increase in Central government funds comes largely from an increase in discretionary spending by the Center in numerous sectoral schemes.²⁰⁶

Without the ideology of the World Bank pushing it towards sites-and-services schemes or the pro-slum-dweller approach of the state government, the Slum Clearance Board’s projects have begun following the money. This time, it is the money of the central government of India. The recent large scale projects built in Okkium Thoraipakkam and Chemmencheri have been financed by money from the Flood Alleviation Program, which provides funding for de-silting operations and river maintenance and resettlement of families living on the river margins, the Valmiki Ambedkar Awas Yojna (VAMBAY), which provides funding for housing for slum-dwellers under the poverty line from the Ministry of Urban Employment and Poverty

²⁰⁵ Independent Evaluation Group 1.

²⁰⁶ Pranab Bardhan, “The Politics of Economic Reform in India,” 7.

Alleviation,²⁰⁷ the Specific Needs Grant from the XII Finance Commission,²⁰⁸ and the Mega City Programme. Since 2004, a large amount of funding has been coming from Central Government and World Bank sponsored post-tsunami projects. In 2005, the Government passed the Jawaharlal Nehru National Urban Renewal Mission, which allows for cities and municipal agencies to apply for project based funding from the Central government for urban development projects. The TNSCB has proposed ambitious programs for Chennai, Madurai and Coimbatore to resettle all slum families living in *both objectionable and unobjectionable locations*. This project will cost an estimated Rs. 1,208 crore, and the Slum Clearance Board plans to build over 35,000 homes.²⁰⁹ The vision of the project fully embraces the vision of the JNNURM, which aims to create slum free Indian cities. Indeed, Tamil Nadu's municipal agencies, like the Slum Clearance Board, are uniquely poised to take advantage of project based financing from the central government because of their experience preparing and executing large-scale projects under the World Bank projects.²¹⁰ By providing large scale funding to public sector agencies earmarked for particular projects, the central government is easily able to affect municipal governance without the intermediary of the elected municipal government.

²⁰⁷ Ministry of Urban Employment and Poverty Alleviation, "The Project on Model Demonstration Housing under VAMBAY," Government of India, 23 Jun. 2008
http://bmtpc.nic.in/new/bmtpc_news33.htm

²⁰⁸ Ministry of Finance, "Explanatory Memorandum As to the Action Taken on the Recommendations Made by the Twelfth Finance Commission in its Report Submitted to the President on December 17, 2004," Government of India, 23 Jun. 2008
<http://fincomindia.nic.in/12memorandum.htm>

²⁰⁹ http://www.tn.gov.in/policynotes/housing_2.htm#3

²¹⁰ Vivek Narayanan, New Delhi, Personal interview, 25 Aug. 2007.

CHAPTER 5

Concluding Thoughts: Towards a More Democratic City

Institutions Matter

This thesis began with a question about the process by which international forces affect city governance. The global cities literature and the literature on international local government law both imply that cities are being influenced by international forces to move in similar directions, that international agencies, a burgeoning international legal regime, and the pressures of attracting global business have all pushed cities to become more homogenous. This vision of the global city is frightening because it implies that local residents will not be able to realize their vision of the city through participation in democratic politics. Rather, international standards and interests will take priority over local ones. The claims of the global cities and international local government law literature are seductive because they describe so accurately many of the changes taking place in modern cities. Yet, this literature does not address the process by which these changes occur in democratic societies.

I attempted to unearth this process by looking at the history of shelter policy towards the urban poor in Chennai. I focused on one institution, the Tamil Nadu Slum Clearance Board, because this was the primary agency through which shelter policies for the poor were implemented. The intervention of the World Bank in the shelter sector in the state provides an isolated case of international intervention in local policymaking, in which the Bank's effects on local governance can be closely observed.

The case surprised me: It revealed that shelter policy towards the urban poor was not simply imposed upon Chennai by powerful international forces. Rather, local,

international, and central government forces interacted through the medium of the Slum Clearance Board. I found that their struggles were mediated by the structure of the Board.

The Slum Clearance Board was created in order to provide another means for funneling patronage at key groups of voters among the urban poor. Its leadership and internal structure, funding, and subsequent tight control by the DMK were designed so that the actions of the Board would aid in the party's electoral success. The annual reports and other early documents of the TNSCB reveal that the party encouraged the conflation of the political party with the actions of the housing bureaucracy. As a result, the Bank faced significant resistance to shelter sector reform at the TNSCB. The Bank found that politics repeatedly interfered with their reform strategies. Political influence prevented the Board from ending its expensive and counter-productive (according to the Bank) tenement construction policies, from collecting rent from tenants, from acquiring land for projects, and from evicting delinquent tenants and squatters on their properties. In other words, the influence of local politics at the Board prevented them from implementing reforms based on neoliberal principles of cost-recovery.

The Bank imposed changes on institutional structures in the Tamil Nadu government that attempted to de-link the policies of the Board from local political incentives. However, by the time that their strategy succeeded, the Bank had lost interest in lending to the shelter sector. Yet, current Slum Board policies are highly influenced by the new institutional structure that the Bank left behind. The central government has begun providing a great deal of funding for state level service agencies through directed schemes that provide money to agencies without going through the state level governments, similar to the World Bank's strategy in their urban lending projects.

Bureaucrats in Tamil Nadu are able to capitalize on the project preparation and implementation experience they have from the Bank's tenure in Tamil Nadu to take advantage of central government project money. As a result, current Slum Board policies are largely determined by the central government's priorities. The ease with which central government initiatives are implemented in Chennai could not have taken place without the de-linking of local politics and Slum Board policy that took place in the 30 years of shelter lending by the Bank in Chennai, and, as the bureaucrats themselves concur, without the training of bureaucrats who knew how to create and manage projects of the sort that the Bank, and later the central government, wanted to implement.

Homogeneity and Difference

What I found most interesting about the story of the Tamil Nadu Slum Clearance Board is that the interaction between international and local forces was mediated by local institutions like the structure of the Slum Clearance Board and the electoral strategy of the Dravidian political parties. My thesis suggests that the dystopic vision that Diane Davis describes as a "convergence in land uses, built forms, and social problems in cities all over the world" is tempered by the quality and structure of the institutions through which the interaction between international and local forces takes place. This suggests that we need to pay closer attention to these institutional structures through which international forces affect local governance.

This insight has interesting implications for the kinds of questions that we ask about international influences. For example, international aid is often criticized for removing the power of developing country governments to make decisions about the policies in their own countries. Looking at the experience of the World Bank in Chennai,

we can interrogate international aid more thoroughly. What is important is not just that aid is given. How much aid is given? And how is it given? Is it earmarked for particular projects or is the discretion for spending it left to the government? Is it conditionally given? Asking such questions about the manner in which international forces enter cities can help us to understand the true influence of international interventions and perhaps help to design interventions in which principles of local democracy and accountability are respected.

Accountability and Institutional Structures

Terry Bouton has an interesting paper in which he argues that America in the years immediately after the Revolution is a good parallel to the situation of developing countries seeking foreign investment and economic growth today. The commonly told story of the American Revolution is that it was a “victory for ordinary Americans and their struggles for economic liberalism.”²¹¹ The period after the American Revolution was a time of high taxes and economic hardship. Bouton argues that ordinary Americans argued for and enacted policies that eased debt burdens, promoted economic equality and put limits on profit-making activity. These policies included limits on speculation on land and war-debt, bans on for-profit corporations, progressive taxes, debt and tax relief, and the creation of paper money, and state-run banks. Citizens demanded these policies not only through “normal” political activity, but through protests like shutting down courthouses, blocking roads, forcibly stopping property auctions of debtors and

²¹¹ Terry Bouton, “Foreign Founding Fathers: Rethinking American State-Creation as Story about a Developing Nation and International Capital,” Paper presented at the Seminar on the Political Economy of Modern Capitalism, Harvard University, Cambridge, MA, 5 Nov. 2007: 2-3.

threatening tax collectors.²¹²

On the other hand, Bouton shows that the fortunes of many of the Founding Fathers were dependent on bringing a lot of investment from European financiers into the country, particularly because many of them had engaged in risky land speculation. However, European financiers were less than thrilled with the populist policies being passed by American states in response to citizen demands. Financiers demanded certain changes before they would be willing to invest in the U.S., such as greater protection of private property, stronger debt collection laws, and private banking, among other things, exactly what ordinary Americans were protesting against. As a result, the provisions of the Constitution not only implemented these changes, but were also “designed to remove authority over political economy from political control.”²¹³ Similar things also happened at the state level, with new top-down legal systems, revisions to their constitutions, and changes in land laws.²¹⁴

The institutional reforms that the Bank implemented in Chennai offer a striking parallel to this story. Similar to the Founding Fathers, they, too, attempted to create a shelter bureaucracy that was removed from political control. Indeed, the ideal state that the World Bank envisions in its description of good governance is precisely that, a state that is devoid of politics, a state that provides services based on its financial capacity alone. The changes that the Bank envisions for developing country states radically alter the existing relationship between citizen and state in these countries.

It is interesting to note in this context that urban sector lending by the Bank since the 1990s has focused entirely on institutional reform. In this context, institutional reform

²¹² Bouton 15-16.

²¹³ Bouton 18.

²¹⁴ Ibid.

is not a benign intervention. It is one that has significant repercussions for the extent of the influence that international forces like foreign direct investment will have on municipal policymaking. Local institutional structures determine the form that the global city takes. More basically, they determine the relationship between a citizen and the state in which she lives.

Differing Visions of the City

Ultimately, the three different policies towards slums followed by the Slum Clearance Board through its four decades of operation result in three very different cities. The first policy is a more inclusive vision, where the poor and the rich are mixed together spatially. The second and third result in clustering of the poor on the outskirts of the city, a strategy which has resulted in ghettos, places with high concentrations of crime and low levels of access to good education and good urban services. Should the decision between these three visions of the ideal city be left to bureaucrats and financial calculators?

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